CITY OF KINGMAN
MEETING OF THE COMMON COUNCIL
Council Chambers
310 N. 4th Street

5:30 PM **Regular Meeting AGENDA** **Tuesday, July 19, 2016**

REGULAR MEETING

CALL TO ORDER AND ROLL CALL

INVOCATION

The invocation will be given by Paul Daniel of First Southern Baptist Church.

PLEDGE OF ALLEGIANCE

THE COUNCIL MAY GO INTO EXECUTIVE SESSION FOR LEGAL COUNSEL IN ACCORDANCE WITH A.R.S.38-431.03(A) 3 TO DISCUSS ANY AGENDA ITEM. THE FOLLOWING ITEMS MAY BE DISCUSSED, CONSIDERED AND DECISIONS MADE RELATING THERETO:

1. APPROVAL OF MINUTES

a. The Regular Meeting and Executive Session minutes of May 17, 2016

b. The Regular Meeting minutes of July 5, 2016

2. CALL TO THE PUBLIC - COMMENTS FROM THE PUBLIC

Those wishing to address the Council should fill out request forms in advance. Action taken as a result of public comments will be limited to directing staff to study the matter or rescheduling the matter for consideration and decision at a later time. Comments from the Public will be restricted to items not on the agenda with the exception of those on the Consent Agenda. There will be no comments allowed that advertise for a particular person or group. Comments should be limited to no longer than 3 minutes.

3. CONSENT AGENDA

All matters listed here are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the CONSENT AGENDA and will be considered separately.

a. Acceptance of Grant of Water Line Easement for La Quinta Inns and Suites

An onsite fire hydrant was constructed for the La Quint Inns and Suites site development located on Lot 10-A of the Stockton Airway Center, Tract 6007 subdivision. As part of the development process and as required by the Utility Regulations, staff has requested an easement for the onsite fire hydrant and water line to that hydrant. The legal description and exhibit for the easement has been reviewed by staff and the developer/owner of the property has signed the Grant of Easement form. **Staff recommends approval and acceptance of the Grant of Easement by the City Council.**

b. Application for Liquor License Temporary Extension of Premises/Patio Permit

Applicant Nobel Zubaid of Canyon 66 Restaurant & Lounge has requested a

Temporary Liquor License Extension of Premises/Patio Permit for Friday, August 5, 2016 through Sunday, August 7 at 3100 E. Andy Devine Ave in Kingman. **Staff recommends approval.**

c. Application for Temporary Liquor License Extension of Premises/Patio Permit

Applicant Nobel Zubaid of Canyon 66 Restaurant & Lounge has requested a Temporary Liquor License Extension of Premises/Patio Permit for Friday, August 19, 2016 through Sunday, August 21 at 3100 E. Andy Devine Ave in Kingman. **Staff recommends approval.**

d. Authorization to purchase real property on Walnut Street for utility and drainage purposes

As part of a sewer construction project that was authorized by Council on 5/19/15, a new sewer main was proposed to be built between Walnut Street and Chestnut Street so that an old sewer main that currently crosses private property can be relocated to a city owned easement. The property is currently vacant. The easement for the proposed main is located at a low point where a substantial amount of stormwater flows and as a result channel armoring and a more expensive piping system would be necessary to protect the main. To save cost on the project and locate the sewer main outside of a drainage way, staff has approached the owners of the property to see if they would be willing to sell the property to the City. The property would be used for utility and drainage purposes. The property owners have indicated they are willing to sell the land for $7,500. This price is comparable to other vacant lots in the area and is less than the cost to armor the channel and the pipe. **Staff recommends approval of the property for $7,500 plus escrow closing fees and authorizing the Mayor to sign all property deeds and acceptance statements associated with this acquisition.**

e. Acceptance of a grant of two public utility easements being offered in conjunction with the recording of a parcel plat for two properties located at 2366 Golf Drive and 2359 Western Avenue

Two 8-foot wide public utility easements are being granted to the City of Kingman and the public utility companies by Edwin K. Parks III/Vantage Retirement Plans LLC along Golf Drive and Western Avenue south of Motor Avenue. This grant was requested by UniSource Electric to facilitate the placement of a transformer and other facilities that will serve the subject properties. This is being done in conjunction with the recording of a parcel plat which will split two existing parcels including Parcel J located on Golf Drive and Parcel A located on Western Avenue. The new parcels will be slightly less than 11,000 square feet each, which will be in accordance with the R-1-10: Residential, Single Family, 10,000 square foot lot minimum zoning district. **Staff recommends authorizing the Mayor to sign the acceptance of this grant of easements on the parcel plat.**

f. Application for Temporary Liquor License Extension of Premises/Patio Permit

Applicant, Noble Zubaid of Canyon 66 Restaurant and Lounge has requested a temporary Liquor License Extension of Premises/Patio Permit for Sunday, July 24 through Tuesday, July 26 at 3100 E Andy Devine Ave. in Kingman. **Staff recommends approval.**

g. Application for Temporary Liquor License Extension of Permises/Patio Permit

Applicant, Blake Schritter, has applied for a Temporary Liquor License Extension of Premises/Patio Permit for Saturday, August 6, at 421 E. Beale Street in Kingman. **Staff recommends approval.**

4. <u>OLD BUSINESS</u>

a. Resolution No. 5026 - Revise Exhibit B/Personnel Classification Schedule

Resolution #5026 revises Exhibit "B" - Personnel Classification of the Compensation & Classification Plan. Fiscal Year 2016-2017 will be set at 346 Authorized Budgeted FTE which is an increase of 11 FTE over the previous fiscal year (6 total from unfunded; 5 new). With no change to the City's salary structure, Exhibit "A" – Salary Structure of the Compensation & Classification plan is not attached and shall remain the same during FY 2015-2016. Exhibit C Classifications sorted 'By Classification' will change to reflect the changes made herein to Exhibit B. **Staff recommends approval.**

5. NEW BUSINESS

a. Discussion and possible action concerning strict enforcement of the International Building Code

Staff is seeking Council direction concerning strict enforcement of the International Building Code guidelines.Staff is sympathetic but would like guidance from Council on whether the City Manager has discretion, Council wants it strictly followed, or Council wants to hear every appeal. Staff has requested that the Builders Association attend the meeting to present their case. **Council discretion.**

b. Discussion and direction regarding having a City of Kingman booth at the Mohave County Fair

At the July 5, 2016, Regular Meeting Clean City Commission member Joe Longoria addressed the Council during the Call to the Public and requested that the City Council have an agenda item to discuss the City paying for and helping staff a booth at the Mohave County Fair. Mayor Anderson directed staff to place this item on the agenda for the Council to discuss.

6. REPORTS

a. Fiscal Year 2015 Financial Audit Review

In January 2016, HintonBurdick was hired to perform the City of Kingman's FY2015 financial audit. Due to the fraudulent activities that had occurred within the City, the review of the City's financial activities was a lengthy process. Upon HintonBurdick conducting interviews, reviewing existing procedures, and reviewing the City's internal recordkeeping, accounting practices and financial statements, HintonBurdick has issued the FY2015 Comprehensive Annual Financial Report. Steven Palmer, a partner at HintonBurdick, will present to Council an overview of the Report to include financial trends, an explanation of GASB 68 and its impact on the City's net position as well as a review of the Schedule of Findings. This is an informational item only.

b. Board, Commission and Committee Reports by Council Liaisons

7. ANNOUNCEMENTS BY MAYOR, COUNCIL MEMBERS, CITY MANAGER

Limited to announcements, availability/attendance at conferences and seminars, requests for agenda items for future meetings.

ADJOURNMENT

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM:

MEETING DATE: July 19, 2016

AGENDA SUBJECT: The Regular Meeting and Executive Session minutes of May 17, 2016

SUMMARY:

FISCAL IMPACT:

STAFF RECOMMENDATION:

ATTACHMENTS:

Description

The Regular Meeting Minutes of May 17, 2016

REVIEWERS:

Department	Reviewer	Action	Date
City Clerk	Muhle, Sydney	Approved	7/14/2016 - 9:35 PM

CITY OF KINGMAN
MEETING OF THE COMMON COUNCIL
Council Chambers
310 N. 4th Street

5:30 PM **MINUTES** **Tuesday, May 17, 2016**
REGULAR MEETING

CALL TO ORDER AND ROLL CALL

Members	Officers	Visitors Signing in
Richard Anderson – Mayor	John A. Dougherty, City Manager	See attached list
Carole Young – Vice Mayor - EXCUSED	Carl Cooper, City Attorney	
Mark Abram	Jake Rhoades, Fire Chief	
Larry Carver	Greg Henry, City Engineer	
Kenneth Dean	Jackie Walker, Human Resource Director	
Jen Miles	Robert J. DeVries, Chief of Police	
Stuart Yocum	Mike Meersman, Parks and Recreation Director	
	Gary Jeppson, Development Services Director	
	Rob Owen, Public Works Director	
	Joe Clos, Information Services Director	
	Sydney Muhle, City Clerk and Recording Secretary	

Mayor Anderson called the meeting to order at 5:30 P.M. and roll call was taken. All Council members were present except Vice Mayor Young who was excused. The Pledge of Allegiance was said in unison.

INVOCATION

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1. APPROVAL OF MINUTES

2. CALL TO THE PUBLIC - COMMENTS FROM THE PUBLIC

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as a result of public comments will be limited to directing staff to study the matter or rescheduling the matter for consideration and decision at a later time. Comments from the Public will be restricted to items not on the agenda with the exception of those on the Consent Agenda. There will be no comments allowed that advertise for a particular person or group. Comments should be limited to no longer than 3 minutes.

Mayor Anderson announced that item "5a" had been moved to the next meeting.

There were no public comments.

3. CONSENT AGENDA

All matters listed here are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the CONSENT AGENDA and will be considered separately.

a. Communications Center software and equipment purchase

The Communications Center is utilizing contingency funding through the user's group to enhance its level of service through increased training. The expenditures were discussed with the user group and received unanimous consensus. Written approval to use excess contingency funds was given by the head of each agency via email. **Staff recommends approving the expenditures for APCO training, Priority Dispatch Training & Software, DSS & BOLO, and 4-24" monitors in the amount of $99,183.**

b. Request for Contingency Funds Transfer to Cover FEMA Grant

The Fire Department was awarded the Assistance to Firefighters Grants through FEMA in the amount of $286,044 on August 1, 2014. In planning for that award, an appropriation of $90,967 was included in the FY15 Adopted Budget. Of that appropriation, $28,604 was the City's local match and the rest was to cover the cost of additional materials and equipment that would be needed to operate the apparatus. Purchases were made in both FY15 and FY16, but the appropriation for additional equipment was not carried over into the FY16 Adopted Budget leaving the grant currently at a deficit. The reasoning behind this is unknown as both the Fire and Finance Departments have new staff overseeing grant funding and expenditures. Based on all purchases for this grant during FY15 and FY16, the City may be required to match up to $87,809.81 but has only appropriated $54,898.29. Additional funding may be available as part of the Assistance to Firefighters Grant in the amount of $20,795.54, however, the availability of the additional funding will not be known until the closeout of the grant. **Staff recommends the approval of up to $32,911.52 from the General Fund contingency reserve in order to close out this grant and conclude this process.**

c. Bomb Squad Equipment Donation

The Kingman Police Department is an active member of the Defense Logistics Agency and Defense Realization and Marketing Office (DMRO) program. The program provides equipment to law enforcement agencies for reutilization. The department recently acquired a "hook and Line" kit that enables the Bomb Squad Technicians to handle suspicious packages from a safe distance. The value of the kit is $5,200.00 and was acquired at no cost to the department. **Staff recommends authorizing the department to accept the donation and place the kit into our asset inventory for use by the Bomb Squad.**

d. Special Event Liquor License Application

Applicant Danielle Sorace of DMS Events, Inc, has applied for a Series 15 Special Event Liquor License for an event to take place Saturday, June 4, 2016 from 3 PM to 9 PM at Mohave County Fairgrounds 2600 Fairgrounds Blvd in Kingman. **Staff recommends approval.**

e. Stockton Hill Road Rehabilitation And Pavement Replacement

Desert Construction was selected as the CMAR and accepted by Council for design services on April 19th, 2016. Attached is a Construction Services Contract and Guaranteed Maximum Price for the Stockton Hill Road Rehabilitation CMAR Project. This project will consist of milling the existing roadway and replacing the top 2 inches of asphalt. The GMP also includes all ancillary work such as traffic loops, pavement markings and utility adjustements. The limits of this project are between Detroit Ave. and Airway Ave. on Stockton Hill Road. **Staff recommends approval.**

f. Recommendation from the Tourism Development Commission (TDC) for the final payment to Kingman Visitor Center, Inc. for tourism services

The Kingman Visitor Center, Inc. receives a quarterly payment from the City upon submission and acceptance of the tourism quarterly report. The most recent quarterly report was submitted and accepted by TDC at the May 5, 2016 regular meeting and is attached for your review. This will be the final payment to the Kingman Visitor Center, Inc. as the City has created an internal Tourism Department that will begin operations in FY17. The Kingman Visitor Center, Inc.'s payment request is for $22,949.45 which is comprised of a one-month (June) prorated final fee and reimbursement of cooperative marketing initiatives. **Staff supports the TDC recommendation for Council approval of the final payment to Kingman Visitor Center, Inc. for tourism related services.**

g. Consideration of Resolution 5012 authorizing the City Manager to sign any and all documents necessary for the filing of an application for, and acceptance of, Federal Section 5311 Grant funding to support the continued operation Kingman Area Regional Transit

This is a request for Council adopt Resolution No. 5012 authorizing the City Manager or his duly authorized designee to sign all documents required for application and acceptance of Federal Transit Administration (FTA) Section 5311 Rural Public Transit Grant funding necessary to fund a portion of the annual administrative, operational, and capital expenses for Kingman Area Regional Transit (KART) for federal fiscal years beginning October 2016 and October 2017. The Arizona Department of Transportation (ADOT) administers the FTA 5311 program and distributes funds through a competitive grant process. With this grant cycle, ADOT is implementing a two-year application cycle. The two-year cycle is designed to reduce the administrative application process for ongoing programs like KART. The grant program budget is reviewed and renewed each fiscal year. Since ADOT is requiring the grant application in advance of the City budget process, a preliminary draft budget for federal FY 2017 has been developed and summarized below. The City Council will consider funding requests and finalize the local match for the transit program during its annual budget processes. The FY 2017 budget will be developed and presented to Council during the 2017-18 budget cycle. **Staff recommends approval.**

h. Resolution 5013 Arizona Mutual Aid Compact

The Arizona Mutual Aid Compact between the City Of Kingman and Arizona

Department of Emergency and Military Affairs based upon A.R.S. § 26-308.The purpose of this Compact is to define for the participating parties the emergency management terms and procedures which will be used among participating parties for dispatching mutual aid assistance to any affected area in accordance with local ordinances, resolutions, emergency plans or agreements. This Agreement is construed in accordance the laws of the State of Arizona. **Staff recommends the approval of resolution 5013 for the authorization of the Arizona Mutual Aid Compact ween the City Of Kingman and Arizona Department of Emergency and Military Affairs.**

i. Ordinance 1814, Amendment to allow non-resident qualified community members to serve on the City Historic Preservation Commission.

The City's Historic Preservation Commission is requesting approval from Council to allow qualified non-resident members of the community to serve on the Commission. This commission has struggled to find qualified volunteer applicants who live within the City to serve on the commission. Applications have been received from very qualified volunteers who live outside the City limits who wish to serve and who would be valuable assets to this commission. Ordinance No. 1814 will allow the Historic Preservation Commission to be added to the list of commissions in which non-city residents are allowed to serve. **Staff recommends approval.**

Councilmember Abram made a MOTION to APPROVE the Consent Agenda as presented. Councilmember Yocum SECONDED and it was APPROVED by a vote of 6-0.

4. OLD BUSINESS

5. NEW BUSINESS

a. Decorative Bricks on the Walk of Fame

The Kingman Area Chamber of Commerce has informed the City Manager that they are no longer interested in participating in the decorative bricks sales. The Kingman Downtown Merchants Association (KDMA) has stepped forward as a 501-c3 willing to continue the program. The Council will discuss what Council's wish is for continuing the program, whether staff needs to draft a contract with KDMA or the project be brought in-house under the Tourism Department Director. **Council discretion.**

This item was pulled from the agenda and was not discussed.

b. Ordinance No. 1813: Amending The Streets and Sidewalks Development Rules and Regulations

The Traffic Safety Committee has been reviewing needed amendments to the City of Kingman Streets and Sidewalks Development Rules and Regulations. The committee felt that the issue of development on dirt streets needed to be addressed. While full street improvements are required in new subdivisions, they are not in existing subdivisions. Kingman has many subdivisions that were platted in the 1920's through 1950's. While water and sewer have to be extended if someone builds on one of these legacy lots, they do not have to install paving, curb, or sidewalk. Under our current regulations, someone could build a whole block of 24 homes and not install street improvements. This leads to higher maintenance costs to keep dirt streets passable. A CIP sheet has been presented to Council for the paving of dirt streets. If the city were to fund paving developed dirt streets, it would seem advisable to stop allowing new

ones to be created. This proposed amendment would prohibit the issuance of building permits on previously undeveloped dirt street blocks, unless full street improvements are installed. Building permits would still be issued on dirt streets that are partially developed and located on our list of maintained unimproved streets. The proposed amendment would also delete the low-cost pavement program from our regulations. This program was used in the past to pave some residential streets. The program was similar to an improvement district with residents paying for paving, and the city doing the work. However, they did not include curb, gutter, or sidewalk improvements. Also, the construction standards were less than what would be required for new development. The amendment also addresses driveway location and separation standards. **Staff recommends adopting Ordinance No. 1813.**

Public Works Director Rob Owen addressed the Council and said that during the ongoing budget there was a lot of discussion about streets and the costs involved. He said that as a first step in addressing this staff drafted an ordinance to not issue building permits on previous dirt street lots. He said that if there are no existing homes on the street then no permits will be issued unless streets are installed. He said that this did not affect people being able to get a building permit on a block that already has development and there are other items to address. He said that one other issue is to delete the low cost pavement program which he explained. He said that staff feels the City should not build substandard streets. He also explained changes to driveway location requirements and said that this will alleviate some of the problems the city has now. He also said that if a property is on a corner lot the driveway should be as far back as it can be. He said that there was quite a bit to the ordinance and would be happy to go through it.

Councilmember Miles referred to Exhibit B on page three regarding unimproved streets and the no development rules.

Mr. Owen said that the City has a list of dirt streets that have some development on them. He said that permits would be issued for streets on this list.

Councilmember Miles asked how big the list is of streets that could be denied.

Mr. Owen said that this has not been measured and this would also help with antiquated subdivisions. He said that there are 20 miles of streets on the current list of dirt streets that the City maintains and several blocks that could be developed.

Councilmember Miles noted that the Traffic Safety Committee recommends this ordinance.

Mr. Owen said that the committee discussed this for several months.

Councilmember Miles asked who is on the Traffic Safety Committee.

Mr. Owen listed the staff members on the committee.

Councilmember Miles said that there are a lot of land owners that would be impacted by this and asked if they are aware of this.

Mr. Owen said that a public hearing was not required for this.

Councilmember Miles asked if these owners should have a chance to be made aware of this and asked what mechanisms there were to do this.

Mr. Owen said that the Council could schedule a public hearing.

Councilmember Miles said that this might be in order as there were a lot of properties potentially impacted.

Mayor Anderson asked how much the City spends to maintain dirt streets.

Mr. Owen said that the cost is approximately $40,000 per year.

Councilmember Miles said that she supports the measure but this could be a big surprise to a lot of people if this is done without public awareness.

Street Superintendent Jack Plaunty addressed the Council and said that the number of miles of dirt road versus accepted right of way is significant. He used the downtown area as an example and said that there are several miles where the streets were plowed for paper subdivisions. He said that this was also the case on the northwest side of Andy Devine Avenue where property is subdivided but there is nothing there. He said that there are two line items involved that include the use of other materials in addition to the $40,000. He said that the maintenance rotation for these streets takes about one month per rotation and approximately eight weeks to restart. He said that the department spends four months of the year doing just dirt street maintenance.

Councilmember Miles said that she is supportive of this but felt that a notice might be in order.

Councilmember Abram said that he agreed and he is support of this. He said that any developer understands they have to put streets in but notice to individual owners might be in order. He said that he thinks this measure is the right move.

Mayor Anderson said that it is important to develop streets and infrastructure. He said that this maintenance keeps the Street Department from doing their day to day job. He said that it needs to be put on developers to do these improvements. He agreed that public notice would be appropriate.

Councilmember Carver said that he agreed that this is needed. He said that the City would be spending time to do the public notice. He asked if it would be more appropriate to mail those specific land owners a letter. He said that everyone on the Council is in favor of this. He said that he did not think that a public hearing would change the Council members' minds on this and if the information is available to mail them a notice on the ordinance change. He said that he is in favor of passing this.

Councilmember Carver made a MOTION to APPROVE Ordinance No. 1813 as written and provide written notice to the registered property owners. Councilmember Yocum SECONDED.

Mayor Anderson suggested that the letters be sent registered mail.

Mr. Owen noted that there would be thousands of owners.

Councilmember Carver asked if there was another way to do this.

Mr. Cooper said that a notice could be published in the newspaper.

Councilmember Carver said that he is in favor of cutting costs.

Mr. Cooper said that this would be done anyway because the ordinance must be published. He said that he didn't know if this would facilitate what the Council was looking for and each letter mailed would cost about $0.50.

Councilmember Carver said that if the ordinance will be published in the newspaper then he is good with the ordinance as written and AMDENDED the MOTION to not include mailing letters to property owners.

Councilmember Yocum SECONDED the MOTION as AMENDED.

Councilmember Miles said that she is supportive of this but thought the public should have an opportunity to speak. She said that she would like to have their input before making a final decision and said that there is merit to letting people speak. She said that it is not that expensive to have a public hearing and was in favor of letting people know before this is passed.

Mr. Cooper said that public hearing are set by statute.

Councilmember Miles asked about providing notice to all of the land owners.

Mr. Cooper said that the City is not statutorily required to do this and a public hearing is not required to enact a new ordinance.

Mayor Anderson asked if this would be published in both local newspapers.

Mr. Cooper said that it would be published with whoever it is required to be.

Mayor Anderson called for the vote and a roll call vote.

The MOTION was APPROVED by a vote of 6-0.

c. Eastern Street Project Assessment

Staff, along with consulting engineers, Ritoch Powell, and Associates, Inc. has drafted a project assessment for the design of Eastern Street between Pasadena Avenue and Airway Avenue. The scope consists primarily of replacing the failing roadway pavement, modifying the alignment at the Airway Avenue intersection, improving drainage characteristics, and improving facilities for pedestrians and bicycles. Staff has recommended the preferred combined alternative of Sections 1E and 2B as presented in the Draft Project Assessment. Upon approval by Council, Staff will complete the final design and develop a Right of Way needs assessment. **It is recommended that the Council direct staff to complete the Project Assessment and final design utilizing Sections 1E and 2B, modified as needed to meet design criteria.**

Assistant City Engineer Frank Marbury addressed the Council and said that this assessment was budgeted in the current fiscal year and gave a PowerPoint presentation. A copy of the PowerPoint presentation has been attached to these minutes.

Slide 1 - Mr. Marbury explained the location of the project.

Slide 2 - Mr. Marbury gave a summary of this slide and noted several restrictions with the Interstate 40 (I40) bridge and railroad right-of-way.

Slide 3 - Mr. Marbury highlighted changes to the crossing at Broudy Drive which he said the City has to clean after each rain. He said that they were looking closely at this to protect property and said that there would be drain pipes to handle minor storms.

Slide 4 - Mr. Marbury said that the red line on this slide showed the railroad right-of-way. He said that this was just south of the interstate. He said that the railroad has expressed interest in having a third track in the area.

Slide 5 - Mr. Marbury said that this was another drainage issue near the interstate at Windsor Avenue. He said that small box culverts would go with the drainage studies. He said that the pavement is falling apart in this area mainly due to water damage.

Slide 6 - Mr. Marbury said that this is where Eastern Street enters Airway Avenue at the Lomalai Avenue alignment. He said that Diamond Drive is one of the one-way streets and this was to be an interim solution. He said that Diamond Drive has a lot of traffic on it as does Kenwood Avenue.

Slide 7 - Mr. Marbury gave a summary of this slide. He said that the project will be more expensive than anticipated. He said that the estimate right-of-way cost includes legal costs in case the City has to go through that process. He noted that this was worst case scenario. He said that this can be phased in over many years depending on funding and improvements are needed regardless of this project. He said that the pavement is falling apart so needs to be improved. He then introduced the consultant for the project, Frank Henderson.

Slide 8 - Mr. Marbury gave a summary of this slide and explained the process for the project. He said that he is confident the City will have complete plans this fall. He said that the step for next year is the right-of-way and construction was at least one year out.

Slide 9 - Mr. Marbury explained the projects in sections highlighted on the map and said that the blue area is section one and the green area is section two.

Slide 10 - Mr. Marbury gave a summary of this slide.

Slide 11 - Mr. Marbury gave a summary of this slide. He said that he received comments about moving the connection to Yavapai Street and the City has issues with extending this through more of the neighborhood. He also said that Yavapai Street is a flood plane and there would be a large cost involved to make the improvements necessary for public safety to access this area during storms. He said that the City will only have to move the current light on Airway Avenue and there was still a little bit of right-of-way involved. He said that this is the cheapest option. He also explained issues with extending the culvert.

Councilmember Yocum asked if these issues were due to inefficient hydraulics.

Mr. Henderson explained that when water comes into a box culvert it is more turbulent.

He said that another concern is sediment deposits.

Mr. Marbury highlighted where the culvert is. He said that this can be done and there are pluses and minuses to every option.

Mr. Henderson said that this is not a huge concern and when they say something is more expensive there are more construction details.

Mr. Marbury said that this was not a deal breaker.

Councilmember Yocum clarified that this looks like the best alternative.

Mr. Marbury continued his explanation of each of the alternatives on slides 12 and 13. He said that the cost includes right-of-way and the they will check all grades and standards.

Councilmember Miles asked if any of the three options had an advantage when considering regulations and traffic safety.

Mr. Marbury said that they were all fairly similar. He said that all of the guidelines would be met and the designs would be adjusted accordingly.

Mr. Henderson said that from a mapping perspective all three options would be an improvement over what is in place now.

Slide 14 - Mr. Marbury gave a synopsis of this slide.

Slide 15 - Mr. Marbury gave a synopsis of this slide.

Councilmember Dean asked how many intersections were being crossed in this section.

Mr. Henderson said that there were ten to 12.

Councilmember Dean asked if there was enough traffic on this road to constitute a third lane.

Councilemember Abram said that after work there is quite a bit of traffic and he feels that the third lane would be warranted.

Councilmember Yocum said that he disagreed and said that if you are driving west you can only turn left in one direction due to the railroad.

Mr. Marbury said that looking south from I40 this was correct but south of the curve the streets are on both sides.

Councilmember Yocum suggested pursuing a turn lane for just that section.

Mr. Marbury said that an alternative for this was coming up.

Slide 16 - Mr. Marbury gave a synopsis of this slide.

Slide 17 - Mr. Marbury gave a synopsis of this slide.

Slide 18 - Mr. Marbury gave a synopsis of this slide which he said was concentrated along the railroad. He said that several of the residents in this area felt some people travel at dangerous speeds in this area creating a hazard. He said that some additional right of way may need to be purchased for this.

Slide 19 - Mr. Marbury gave a synopsis of this slide. He said that this was more expensive because the bike lanes are continuous through this option. He said that under the previous option the bike lane did not extend beyond the interstate.

Slide 20 - Mr. Marbury gave a synopsis of this slide and said that option E came up after the public meeting so no input was received on this option. Mr. Marbury said that approximately 50 people attending the public meeting. He said that a summary of the comments was included in the Council packet for this meeting. He said that several studies support the bicycle lanes. He then gave a synopsis of several of the comments received.

Slide 21 - Mr. Marbury gave a synopsis of this slide. He said that generally cities and counties do not utilize eminent domain. He said that federal requirements would be followed on this in case options for federal funding come up.

Slide 22 - Mr. Marbury gave a synopsis of this slide.

Slide 23 - Mr. Marbury gave a synopsis of this slide.

Councilmember Yocum asked Mr. Marbury to clarify the difference between alternative "1d" and "1e".

Councilmember Abram said that the difference was the bicycle lane extension beyond I40.

Mr. Marbury said that the difference was between an eight-foot side walk and a five-foot side walk. He said that an eight-foot sidewalk would not fit under the interstate without significant modifications. He said that option "1e" would allow for this.

Councilmember Abram said that his concern was being able to fit everything under I40. He asked there would be enough buffer along the railroad.

Councilmember Dean asked what would happen if the railroad installed a third rail.

Mr. Marbury said that this would only take up a few feet.

Councilmember Abram said that it was difficult to tell from the aerial view.

Mr. Marbury said that this is something that is looked at during the final design phase.

Councilmember Abram noted that there was a ditch along that area as well.

Mr. Marbury said that this will also be considered.

Councilmember Abram said that he is good with either option along Airway Avenue. He said that his concern was for traffic safety. He said that option "1e" was an important

alternative.

Mr. Marbury said that this may help with connectivity with the bike lanes as well.

Councilmember Yocum asked how significant it would be to not stay with the Lomalai Avenue alignment. He said that he felt option A was a better option when looking at this initially despite the higher cost.

Mr. Marbury said that from an engineering standpoint either option works.

Mr. Henderson said that they have already taken a preliminary look at the grades in the area. He said that either option would work. He said that it cannot be pushed any closer to the railroad to intercept Airway Avenue due to the slope.

Councilmember Yocum said that option B had a wider turn radius.

Mr. Marbury said that both are similar.

Councilmember Miles asked why option B was preferred over option A.

Mr. Marbury said that this was due to the culvert and due to the public comments as this helps get the traffic noise away from the residents impacted.

Councilmember Miles said that she appreciated the analysis on this. She said that the engineers have look at this and the public has had input. She said that she saw no reason to second guess this.

Councilmember Miles made a MOTION to COMPLETE the design of options "1e" and "2b".

Councilmember Carver asked for clarification that only right turns would be allowed when coming out of the neighborhood.

Mr. Marbury said that this would only be for certain streets and explained the area that would be effected. He said that this would help slow traffic and direct traffic while still allowing fire trucks to get out without having to turn around.

Councilmember Dean clarified that this would help the driveways impacted.

Mr. Marbury said that this was an attempt to help this and limit the movement.

Councilmember Carver asked why the Airway Avenue alignment was done the way that it was.

Mr. Marbury said that this concerns how Airway Avenue crosses the railroad tracks.

Councilmember Carver said that someone brought up that crossings have to intersect the railroad at 90 degrees.

Mr. Marbury said that he believed this was correct and noted that Airway Avenue used to go straight to connect to Route 66.

Ted Parks addressed the Council and said that he represents the owners of a commercial property in this area. He said that they have been working on Lomalai Avenue for about 10 years and the property was rezoned in July, 2007. He said that they traded lots of right-of-way on Lomalai Avenue and this has been in limbo. He said that the owners are ready to fully cooperate with the Engineering Department and want to get this resolved for themselves and the residents on Diamond Street. He said that the people who live there can barely get out of their driveways. He said that the property owners are ready to cooperate with whatever.

Councilmember Yocum SECONDED the MOTION and it was APPROVED by a vote of 6-0.

6. REPORTS

Councilmember Yocum said that he attending the Planning and Zoning Commission meeting where the commission discussed shipping containers and landscaping.

Councilmember Miles said that she attending a meeting to discuss Burlington Northern Santa Fe Railroad (BNSF) transloading. She said that they will work with Laron Engineering to transload materials and this is good for Kingman's future.

Councilmember Abram said that he attending the Economic Development and Marketing Commission meeting and Commissioner Woytovich had resigned. He said that the Council can expect the applications soon and it will be a tough choice for them.

Councilmember Carver said that he attended the Youth Advisory Commission meeting.

Mayor Anderson said that he had traveled to Washington D.C. to follow up on a letter from Senator John McCain concerning funding for a traffic interchange on Interstate 40. and gave an update. He said that he received a warm reception to look into issues concerning three traffic interchanges in Kingman. He said that there could be funding available for all three and will see what happens with them.

7. ANNOUNCEMENTS BY MAYOR, COUNCIL MEMBERS, CITY MANAGER

Limited to announcements, availability/attendance at conferences and seminars, requests for agenda items for future meetings.

City Manager John A. Dougherty said that he would be out of the office at the International Council of Shopping Centers conference the following Monday and Tuesday. He then read a letter from Freiday Construction complimenting the Building Department. He also encouraged the public to contact the Building Department to find out what is needed before beginning a project.

Mayor Anderson asked Mr. Dougherty to pass along the Council's thanks to the Building Department.

Councilmember Dean said that he would not seek election to his seat on the Council and read a letter for the record. A copy of the letter has been attached to these minutes. He said that this has been a great experience and his hands are full at work. He said that there is a lot involved to do this right and cautioned candidates to beware of the time commitment. He said that it was an agonizing process to go through for this decision. He said that he appreciates the staff and Council and there are a lot of good people here. He wished the candidate luck.

Councilmember Yocum announced that the Kingman Police Department annual awards ceremony would be the following Thursday at the Central Commercial Building.

Mayor Anderson said that he would be addressing the Kingman Airport Authority the following Thursday. He said that Vice Mayor Young would also be in attendance and asked that any other Council members wishing to attend check with the City Clerk. He requested that at the next meeting staff present a chronology of events on Kingman Crossing. He also requested an item to address appraisal of the Kingman Crossing property and the voting requirements and time tables to accomplish that. He also asked that staff provide a presentation to the Council regarding the contracting plan and process.

Councilmember Yocum noted that the Council would not meet again for three weeks.

8. EXECUTIVE SESSION

Councilmember Yocum made a MOTION to GO INTO Executive Session. Councilmember Abram SECONDED and it was APPROVED by a vote of 6-0.

Council went into Executive Session at 6:48 P.M.

a. Kingman Airport Authority Contract

Mayor Anderson and Councilman Carver requested this item for discussion. The Council is requested to go into executive session to discuss the KAA lease pursuant to ARS 38-431.03(A)(3).

Council returned from Executive Session at 7:37 P.M.

Councilmember Miles said the Council will work with the Kingman Airport Authority governing board to advance the common goal of creating improved economic conditions for the region.

Councilmember Yocum made a MOTION to ADJOURN. Councilmember Abram SECONDED and it was APPROVED by a vote of 7-0.

ADJOURNMENT --- 7:38 P.M.

ATTEST:

_____
Sydney Muhle
City Clerk

APPROVED:

_____
Richard Anderson
Mayor

STATE OF ARIZONA)
COUNTY OF MOHAVE)ss:
CITY OF KINGMAN)

CERTIFICATE OF COUNCIL MINUTES

I, Sydney Muhle, City Clerk and Recording Secretary of the City of Kingman, Arizona, hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting of the Common Council of the City of Kingman held on May 17, 2016.

Dated this 19th day of July, 2016.

_____

Sydney Muhle, City Clerk and Recording Secretary

_____

Erin Roper, Deputy City Clerk and Recording Secretary

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM:

MEETING DATE: July 19, 2016

AGENDA SUBJECT: The Regular Meeting minutes of July 5, 2016

SUMMARY:

FISCAL IMPACT:

STAFF RECOMMENDATION:

ATTACHMENTS:

Description

The Regular Meeting Minutes of July 5, 2016

REVIEWERS:

Department	Reviewer	Action	Date
City Clerk	Muhle, Sydney	Approved	7/14/2016 - 9:36 PM

CITY OF KINGMAN
MEETING OF THE COMMON COUNCIL
Council Chambers
310 N. 4th Street

5:30 PM **MINUTES** **Tuesday, July 5, 2016**

REGULAR MEETING

CALL TO ORDER AND ROLL CALL

Members	Officers	Visitors Signing in
Richard Anderson – Mayor	**John A. Dougherty, City Manager**	**See attached list**
Carole Young – Vice Mayor	**Carl Cooper, City Attorney**	
Mark Abram	**Jake Rhoades, Fire Chief**	
Larry Carver	**Greg Henry, City Engineer**	
Kenneth Dean	**Jackie Walker, Human Resource Director**	
Jen Miles	**Robert J. DeVries, Chief of Police**	
Stuart Yocum	**Mike Meersman, Parks and Recreation Director**	
	Gary Jeppson, Development Services Director	
	Rob Owen, Public Works Director	
	Joe Clos, Information Services Director	
	Sydney Muhle, City Clerk and Recording Secretary	
	Annie Meredith, Deputy City Clerk	

Mayor Anderson called the meeting to order at 5:29 P.M. and roll call was taken. All Council members were present. The Pledge of Allegiance was said in unison.

INVOCATION

The invocation will be given by Grif Vautier of Kingman Presbyterian Church.

Mr. Vautier was not present. A moment of silence was observed in place of the invocation.

PLEDGE OF ALLEGIANCE

THE COUNCIL MAY GO INTO EXECUTIVE SESSION FOR LEGAL COUNSEL IN ACCORDANCE WITH A.R.S.38-431.03(A) 3 TO DISCUSS ANY AGENDA ITEM. THE FOLLOWING ITEMS MAY BE DISCUSSED, CONSIDERED AND DECISIONS MADE RELATING THERETO:

1. APPROVAL OF MINUTES

a. The Regular Meeting and Executive Session minutes of May 3, 2016

Councilmember Abram made a MOTION to APPROVE the Regular Meeting and Executive Session minutes of May 3, 2016. Councilmember Miles SECONDED and it was APPROVED by a vote of 7-0.

2. AWARDS/RECOGNITION

a. Kingman Fire Department Badge Pinning

The fire department has promoted and / or hired numerous positions in the last couple of months. The promotional and hiring processes are complete and the official badge pinning and introduction of fire department employees to city council and the community.
The fire department would like to conduct badge pinning for the following ranks:

Chris Angermuller	Battalion Chief – Training and Safety	1/4/2016
Chris Weaver	Battalion Chief – Prevention	3/7/2016
Tanner Miller	Captain	5/26/2016
Brandon Medlin	Captain	7/1/2016
Brian Knarr	Engineer	5/27/2016
Dustin Osborn	Engineer	6/1/2016
Elwood Hurley	Engineer	7/1/2016
Daniel Crowe	Firefighter	5/2/2016
Alex Pinkstaff	Firefighter	5/2/2016
Tim Sloan	Firefighter	6/21/2016
Jordan Fuqua	Firefighter	7/3/2016
Sean Osterman	Fire Prevention Specialist	3/20/2016

Fire Chief Jake Rhoades addressed the Council and said that it is always a special night when the department gets to introduce new members of their family and celebrate promotions. He said that this day was also special in that it holds significance to the department and City of Kingman as a whole as it was the anniversary of the explosion that killed 11 members of the fire department. He asked that everyone observe a moment of silence in recognition of this. He said that remembering that day and moving forward nothing has changed the fire department and the city of Kingman the way that they did on July 5, 1973. He said that we look back but we also look forward to welcoming new members to the fire department family.

Assistant Fire Chief Keith Eaton introduced each department member to be pinned as Chief Rhoades presented each new or promoted member with their badge.

Chief Rhoades thanked the Council for their indulgence.

Mayor Anderson asked if the department was back to full staff which Chief Rhoades said that they were close.

b. Employee Service Recognition

In appreciation for their hard work, dedication, and loyalty the Mayor and Council would like to recognize employees who have reached years of service milestones, beginning at five years of service and continuing at each five year interval. Tonight the Mayor and Council hereby convey their earnest appreciation to:

Yrs of Service	Name	Title	Department
40	Barkhurst, Daniel	Battalion Chief	Fire
25	Brice, James	Lieutenant	Police
25	Spivey, Daniel	Police Officer	Police
20	Hart, Maxine	Administrative Asst II	Water Utility Billing
20	Mack, John	Groundskeeper	Parks
15	Godfrey, Michael	Sergeant	Police
10	Simmons, Mollie	Court Collections Officer	Court
10	Kozlowski, Adam	Equipment Operator B	Water Operating
10	Zach, Brian	Sergeant	Police
10	Simpson, Christopher	Fire Engineer	Fire
5	Manseau, Donald	Pool Operator	Pool

Mayor and Council would like to congratulate the following retirees on their retirement:
James Bailey – retired from the Fire Department on June 29, 2016 with over 29 years of outstanding service.
Larry Hanson - retired from the Fire Department on May 26, 2016 with 29 years of outstanding service.
Gary Marks - retired from the Parks & Recreation Department on June 11, 2016 with over 20 years

of outstanding service.
Karen Fogg – retired from the Park & Recreation Department on February 10, 2016 with over 17 years of outstanding service.

Vice Mayor Young read each employee's name and years of service. Mayor Anderson presented certificates of appreciation to each.

Vice Mayor Young read the names and years of service for each retiree and thanked them for their service.

Mayor Anderson revisited this item at 6:14 P.M. to present a certificate of appreciation to employee Brian Zach who had arrived to the meeting late.

3. CALL TO THE PUBLIC - COMMENTS FROM THE PUBLIC

Those wishing to address the Council should fill out request forms in advance. Action taken as a result of public comments will be limited to directing staff to study the matter or rescheduling the matter for consideration and decision at a later time. Comments from the Public will be restricted to items not on the agenda with the exception of those on the Consent Agenda. There will be no comments allowed that advertise for a particular person or group. Comments should be limited to no longer than 3 minutes.

Resident Joseph Longoria addressed the Council and said that he wanted to thank the City for working with the downtown merchants to make the 1970's class reunion such a big success. He said that anywhere from 2,500 to 3,000 people attended the event. He said that he also read several comments on Facebook and the community was pleased with the fireworks. He said that the Clean City Commission has discussed having a booth at the fair this year. He said that the members of the commission cannot properly man the booth all four days and asked that the Council have an agenda item for the next meeting for the City to pay for and help staff the booth. He said that several other commissions have expressed interest in this and he was asking for Council support. He said that there is a climate of distrust with the citizens so it would be good for people can see that we are one of them and build that trust.

Mayor Anderson asked that this be placed on the agenda for the next meeting.

4. CONSENT AGENDA

All matters listed here are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the CONSENT AGENDA and will be considered separately.

a. Authorizing the purchase of real property on Davis Avenue for drainage purposes, ENG14-036

On June 3, 2014, Council approved Resolution No. 4897, which authorized staff to proceed with acquiring vacant property on Davis Avenue for drainage purposes. The property is owned by Catalina Amatangel and is identified as tax parcel 311-15-223. The property is 5,000 square feet in area and is a natural low point which ponds with storm runoff. The owner has indicated that $20,000 is the minimum that she would accept for the property. The price is comparable to other properties that the City has acquired further south on Golden Gate Avenue. The City has received complaints from property owners on Davis Avenue concerning drainage. Upon Council approval, staff will open an escrow with one of the local Title agencies to finalize this land purchase. **Staff recommends approval of the property purchase for $20,000 plus escrow fees and authorizing the Mayor to sign all property deeds and acceptance statements associated with this acquisition.**

b. Consideration of Resolution No. 5020-Revised, approving a non-payment street deferral for a portion of Broadway Avenue

Hill Family Investments (66 Auto Sales) owns a parcel adjacent to their existing auto sales lot at 1955 E. Andy Devine Avenue. The rear of the property abuts Broadway Avenue. A building permit to remodel an existing building on the property has been issued with an estimated construction cost of $120,000. Broadway Avenue is improved with asphalt paving only with no curb, gutter or sidewalk. Because the proposed construction will exceed $20,000, the Street Policy requires that the street

improvements to be completed on Broadway Avenue. Mike Hill, applicant, sent a letter requesting a non-cash payment street improvement deferral. The scope of the required improvements would be a section, 50-feet in length, with roll curb, gutter, a four-foot wide sidewalk thickened at the driveway, and asphalt paving. The City Engineering Department's opinion of probable cost of these improvements is $5,017.00. **Staff recommends adoption of Resolution No. 5020-Revised.**

c. Resolution No. 5025: Reducing the drainage easement in Southern Vista Tract 1980-A, ENG15-023

Staff has been working with developer Angle Homes on the reduction of a drainage easement in Southern Vista Tract 1980-A. When the subject subdivision was platted on August 5, 2005, it included a forty-five (45) foot public drainage easement across Lot 2 and Lot 29. The easement was intended to contain natural meandering drainage across the lots. A drainage report addressing the reduction in easement width was completed in November of 2015 under project ENG15-023. Angle Homes has recently completed construction of block walls and other erosion measures to contain the drainage, as recommended by the new drainage report. The easement will reduce from forty-five (45) to twenty-nine (29) feet across Lot 2. The easement will reduce from forty-five (45) to twenty-two (22) feet across Lot 29. **Staff recommends approving Resolution No. 5025, reducing the drainage easement in Southern Vista Tract 1980-A.**

d. Amendment No. 1 to Engineering Department Building Improvements, ENG15-052

The scope consists primarily of replacing the rear stairs of the building in order to conform with current codes and regulations, installation of a shade for the large skylight in the Engineering Conference Room, repair of three windows on the second floor, installation of cabinets, installation of security cameras, installation of a canopy over the rear door and also an automatic ADA compliant opener for the door, repairs to the water heater and other plumbing fixtures, miscellaneous carpentry, and contingencies. Staff has requested a fee proposal from T.R. Orr, Inc. to cover the construction of this proposed amendment. The contract will include services associated with project meeting attendance, plan reviews, input on the design, recommendations on design alternatives, constructability reviews, underground investigations, structural engineering, construction phasing proposals, project scheduling and cost model preparation, materials submittals, construction activities, and all testing and inspections. T.R. Orr, Inc. has prepared a proposal to complete the design phase assistance for a not to exceed price of $75,000. **Staff recommends that the agreement with T.R. Orr, Inc. be approved.**

e. Application for Temporary Liquor License Extension of Premises/Patio Permit

Applicant Nobel Zubaid with Canyon 66 Restaurant & Lounge has requested a Temporary Liquor License Extension of Premises/Patio Permit for Saturday, July 9, 2016 through Sunday, July 17, 2016 at 3100 E Andy Devine in Kingman**. Staff recommends approval.**

Councilmember Carver asked that Item "4b" be removed from the Consent Agenda for discussion.

Vice Mayor Young made a MOTION to APPROVE the Consent Agenda as presented with the exception of Item "4b". Councilmember Miles SECONDED and it was APPROVED by a vote of 7-0.

Mayor Anderson opened Item "4b" for discussion.

Councilmember Carver said that he thought this item was taken care of at the last meeting.

City Attorney Carl Cooper said that the Council supported this at the last meeting but the ordinance had to be revised. He said that this was the followup to that.

Councilmember Carver clarified that the City is still asking for some sort of cash or property located at Johnson Avenue and Andy Devine Avenue. He said that he did not know if the applicant has seen this.

Development Services Director Gary Jeppson said that the applicant was notified that this item would be on the agenda.

Councilmember Carver asked if it is procedure to send the applicant a copy of the revision.

Mr. Jeppson said that the applicant's original request had been for the City to abandon the street and the applicant has to submit an application of this. He said that the applicant was told that this would be on tonight's agenda.

Councilmember Carver said that the Council had approved a non-cash deferral for this item and is now reading that this is for abandoning the street. He said that the request from the City is that Mr. Hill give up 312 square feet.

Mr. Jeppson said that he did not think that was part of the resolution as the applicant had rejected that offer. He said that he did not believe that this resolution has that requirement.

Councilmember Carver read roman numeral III and said that this seemed that this was reversing what was approved at the last meeting and the applicant does have to come up with the improvements.

Mr. Jeppson said that this is for a non-cash deferral agreement and explained the process.

Councilmember Carver said that the City already told them that they got a non-cash deferral and asked where the City has lien rights to this.

Mr. Jeppson said that the City still has the street and that it still has to be improved. He said that when the time comes to improve the street the applicant will have to make those improvements.

Councilmember Carver asked if this was the resolution to complete what was already voted on.

Mr. Cooper said that the Council rejected the previous resolution and made a motion to approve the request with a non-cash deferral. He said that this resolution puts in the non-cash deferral issues and the City's rights to make sure that those improvements get done. He said that this completes what was done at the last meeting.

Mr. Jeppson said that this is similar to what was done with one of the churches on Harrison Street.

Councilmember Carver asked if the applicant had any questions on this.

Applicant Mike Hill addressed the council and said that he understands that the City will put a lien on the property and they would then have to come up with the funds to make the improvements.

Councilmember Carver clarified that the applicant is on the hook for the entire street and this specifically addresses right now.

Mr. Hill said that he will work on the abandonment at a later date and he understood this resolution.

Councilmember Carver made a MOTION to APPROVE Resolution No. 5020-Revised. Councilmember Abram SECONDED and it was APPROVED by a vote of 7-0.

5. OLD BUSINESS

6. NEW BUSINESS

a. Council liaisons for Kingman Area Chamber of Commerce committees

Discussion of and asking for volunteers to serve as liaison(s) from the Common Council to regularly attend meetings of the various committees of the Kingman Area Chamber of Commerce and report back to Council.

Mayor Anderson said that he asked for this item because the Chamber of Commerce has three committees. He said that he and Chief DeVries are on the Business and Government Committee and Councilmember Miles was on the Workforce Development Committee. He said that there is not a

representative to the Ambassador Committee and he wanted to see if the Council would like to be involved in this. He said that he is also thinking about economic development which does not have a formal committee but this might be a positive step forward to work with the chamber. He said that there is also a quarterly meeting of the the city's chambers of commerce and thinks that this is something that should be looked at in the future. He said that the Council may say that these are not ready for liaisons but he wanted to stress a good working relationship with the chamber and felt the Council should be involved.

Vice Mayor Young asked about having a liaison to the Downtown Merchants Association.

Mayor Anderson said that the Downtown Merchants Association and the Route 66 Association are also good to be involved in and suggested that this may be something to think about and bring back. He said that after a period of no growth there has been a resurgence in the downtown area. He said that the City can provide more input and help the area grow.

Vice Mayor Young said that the Economic Development and Marketing Commission also attends these committees.

Mayor Anderson asked if there was any desire for volunteers or for this to be brought back to the next meeting.

Councilmember Abram said that he would like time to think about this and he would like to understand the group more. He said that he would like more understanding and to talk to the Chamber about these committees.

Mayor Anderson asked that Chamber CEO Liza Noland put something together on this which she said that she would.

Mayor Anderson agreed for this to be on the next agenda.

7. REPORTS

a. Splash Pad update

Staff will provide an update of the progress of the Splash Pad.

Parks and Recreation Director Mike Meersman addressed the Council and said that he is really excited because the splash pad is getting close. He said that the Parks and Recreation Department had their projects done and the site ready for construction on March 4th. He said that the Venture Club went with a new contractor because their other contractor was not able to get certified in the State of Arizona which delayed the process. He said that the staff worked diligently on this and thanked the personnel involved to get this through as quickly as they could. He said that staff also found other areas where the Venture Club could save a substantial amount of money in the water and sewer lines. He said that this will allow them more money to improve the splash pad and have a better result in the end. He said that the final plans were approved on June 17th. He said that the Parks and Recreation Department staff will be helping with the building because they want this to be a nice structure with room to work. He said that this will be a really nice facility and also saves money. He said that there was a delay due to Desert Construction performing work on Stockton Hill Road. He said that Desert Construction is doing in-kind work which began on June 30th. He said that the soil has been shaped and they began laying out features today. He said that a powerline would be relocated this week. He said that several parts were delivered June 30th and more are enroute. He said that the project is moving quickly now. He said that he thinks the Venture Club would agree that staff has done a great job to move this along.

Mayor Anderson asked if there is an anticipated opening date.

Mr. Meersman said that they are not there yet as construction has just started. He said that when dealing with in-kind work there are other delays that could come up. He said that because this is not the City's project they do not have as much control.

Mayor Anderson said that he appreciates staff's work on this and the update. He said asked that staff provide a paper update next time. He said that he would also like to have representatives from the Venture Club present when the splash pad is ready to open.

Mr. Meersman said that he thinks the Venture Club is also realizing what a big project this is. He said that the department is excited about this and that it is getting close. He said that it will be ready before long and he thinks that this will be really good.

Mayor Anderson said that this has been a good partnership and stressed the need to work together.

Mr. Meersman commended the Venture Club on raising the money for this project and agreed that more projects like this are needed. He said that there is a lot of good done in the community and there are a lot of great people in this city.

8. ANNOUNCEMENTS BY MAYOR, COUNCIL MEMBERS, CITY MANAGER

Limited to announcements, availability/attendance at conferences and seminars, requests for agenda items for future meetings.

City Manager John A. Dougherty said that the Block Party was held at City Hall the previous Saturday. He said that volunteers handed out over 1,000 hot dogs and 400 pounds of watermelon. He thanked each volunteer. He also thanked Dora Manley for coordinating and putting on the event. He also thanked Battalion Chief Chris Weaver, Assistant Fire Chief Keith Eaton, Public Works Director Rob Owen, Human Resources and Risk Management Director Jackie Walker, Kingman Police Department personnel, and Kingman Fire Department personnel for their work on July 4th. He also thanked Erin Cochran for raising money for the fireworks. He said that this shows that Kingman comes together to get things done. He said that thousands were in attendance at the Block Party and thanked everyone for their support.

Councilmember Abram made a MOTION to ADJOURN. Councilmember Yocum SECONDED and it was APPROVED by a vote of 7-0.

ADJOURNMENT --- 6:18 P.M.

ATTEST:

_____
Sydney Muhle
City Clerk

APPROVED:

_____
Richard Anderson
Mayor

STATE OF ARIZONA)
COUNTY OF MOHAVE)ss:
CITY OF KINGMAN)

CERTIFICATE OF COUNCIL MINUTES
I, Sydney Muhle, City Clerk and Recording Secretary of the City of Kingman, Arizona, hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting of the Common Council of the City of Kingman held on July 5, 2016.

Dated this 19th day of July, 2016.

_____
Sydney Muhle, City Clerk and Recording Secretary

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM: Engineering Services

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Acceptance of Grant of Water Line Easement for La Quinta Inns and Suites

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SUMMARY:
An onsite fire hydrant was constructed for the La Quint Inns and Suites site development located on Lot 10-A of the Stockton Airway Center, Tract 6007 subdivision. As part of the development process and as required by the Utility Regulations, staff has requested an easement for the onsite fire hydrant and water line to that hydrant. The legal description and exhibit for the easement has been reviewed by staff and the developer/owner of the property has signed the Grant of Easement form.

Staff recommends approval and acceptance of the Grant of Easement by the City Council.

FISCAL IMPACT:
None. The City will be responsible for the maintenance of the fire hydrant and water line to this hydrant within the easement.

STAFF RECOMMENDATION:
It is recommended that the City Council accepts the easement and that the Mayor be authorized to sign the Grant of Easement Acceptance on behalf of the City.

ATTACHMENTS:

Description

Grant of Public Water Line Easement

REVIEWERS:

Department	Reviewer	Action	Date
Engineering	Henry, Greg	Approved	6/29/2016 - 5:30 PM
City Attorney	Cooper, Carl	Approved	6/30/2016 - 10:11 AM
City Manager	Dougherty, John	Approved	6/29/2016 - 6:35 PM

When recorded return to:
Kingman City Clerk
310 N. 4th Street
Kingman, AZ 86401

GRANT OF PUBLIC WATER LINE EASEMENT
(EXEMPT FROM AFFIDAVIT OF VALUE PURSUANT TO A.R.S. §11-1134(A)(2))

For the consideration of Ten and 00/100 Dollars, and other valuable consideration, Kingman Hotel Property, Inc ("Grantor"), does hereby convey to the **CITY OF KINGMAN**, an Arizona Municipal Corporation ("Grantee"), an easement for public water line purposes and all purposes incident thereto; together with the right of ingress and egress for the purpose of installation, maintenance and replacement, including, without limitation, water lines, water meters and fire hydrants, and other apparatus and equipment related thereto under, over, on and across the real property (the "Property") situate in Mohave County, Arizona, described as:

SEE EXHIBIT "A"

Together also with the right, from time to time, to inspect, redesign, rebuild, repair or alter said lines, apparatus and equipment and to install additional apparatus and equipment, as well as the right to remove any of such lines or apparatus and equipment.

This Easement shall be binding upon and inure to the benefit of the parties hereto and their respective successors in interest and assigns.

Grantee may prosecute any proceeding, at law or in equity, against any person violating, or attempting to violate, any provisions of this Easement to prevent such person from doing so and to recover damages for any such violation. Except as otherwise provided in this easement, all costs and expenses incurred in pursuing a remedy at law or in equity, including, without limitation, reasonable attorneys' fees, shall be paid by those persons violating, or attempting to violate, any provisions of this Easement.

IN WITNESS WHEREOF, Grantor has executed this Easement this 14th day of June, 2016.

GRANTOR:

BY: Rafai A Esmail

BY: _____

STATE OF ARIZONA)
) ss.
County of Mohave)

Acknowledged before me this 14 day of June, 2016 by _____.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Kelly Faster
Notary Public

My Commission expires:
July 13 2019

KELLY JEAN FASTER
Notary Public Arizona
Mohave County
My Comm. Expires Jul 13, 2019

CONSENT

The undersigned hereby consent to the foregoing grant and easement and terms and conditions thereof.

IN WITNESS WHEREOF, the undersigned has executed this Consent this _____ day of _____, 20___.

BY: _____

Name: _____

Title: _____

STATE OF ARIZONA)
) ss.
County of Mohave)

The foregoing instrument was acknowledged before me this _____ day of _____, 20___ by_____, the _____, on behalf of_____.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____
Notary Public

My commission expires:

_____

ACCEPTANCE

The City of Kingman, a municipal corporation, does hereby accept the foregoing grant and easement and the terms and conditions thereof.

IN WITNESS WHEREOF, the City of Kingman has caused this Acceptance to be executed by its Mayor pursuant to authority granted by its City Council, this _____ day of _____, 20___.

CITY OF KINGMAN,
A municipal corporation

BY: _____
City Mayor

ATTEST:

_____
City Clerk

EXHIBIT "A"
PUBLIC UTILITY EASEMENT, LOT 10-A
PARCEL PLAT LOT LINE ADJUSTMENT
BOOK 34, PAGE 80, M.C.R.

LEGAL DESCRIPTION

THE FOLLOWING DESCRIPTION IS AN EASEMENT, BEING A PORTION OF LOT 10-A AS RECORDED IN BOOK 34, PAGE 80 OF PARCEL PLATS, PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHEAST CORNER OF SAID LOT 10-A ALONG THE NORTHERLY LINE OF LOT 10-A NORTH 89 DEGREES 57 MINUTES 41 SECONDS WEST, A DISTANCE OF 20.04 FEET TO A POINT ON THE WESTERLY LINE OF AN EXISTING INGRESS/EGRESS AND PUBLIC UTILITY EASEMENT AS SHOWN ON SAID PARCEL PLAT AND THE **POINT OF BEGINNING;**

THENCE ALONG SAID WESTERLY LINE OF SAID EASEMENT SOUTH 00 DEGREES 02 MINUTES 19 SECONDS WEST, A DISTANCE OF 6.38 FEET;

THENCE NORTH 89 DEGREES 49 MINUTES 55 SECONDS WEST, A DISTANCE OF 9.96 FEET;

THENCE SOUTH 00 DEGREES 02 MINUTES 19 SECONDS WEST, A DISTANCE OF 9.64 FEET;

THENCE DEPARTING SAID WESTERLY LINE NORTH 89 DEGREES 57 MINUTES 41 SECONDS WEST, A DISTANCE OF 153.09 FEET;

THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, A DISTANCE OF 13.03 FEET;

THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, A DISTANCE OF 16.00 FEET;

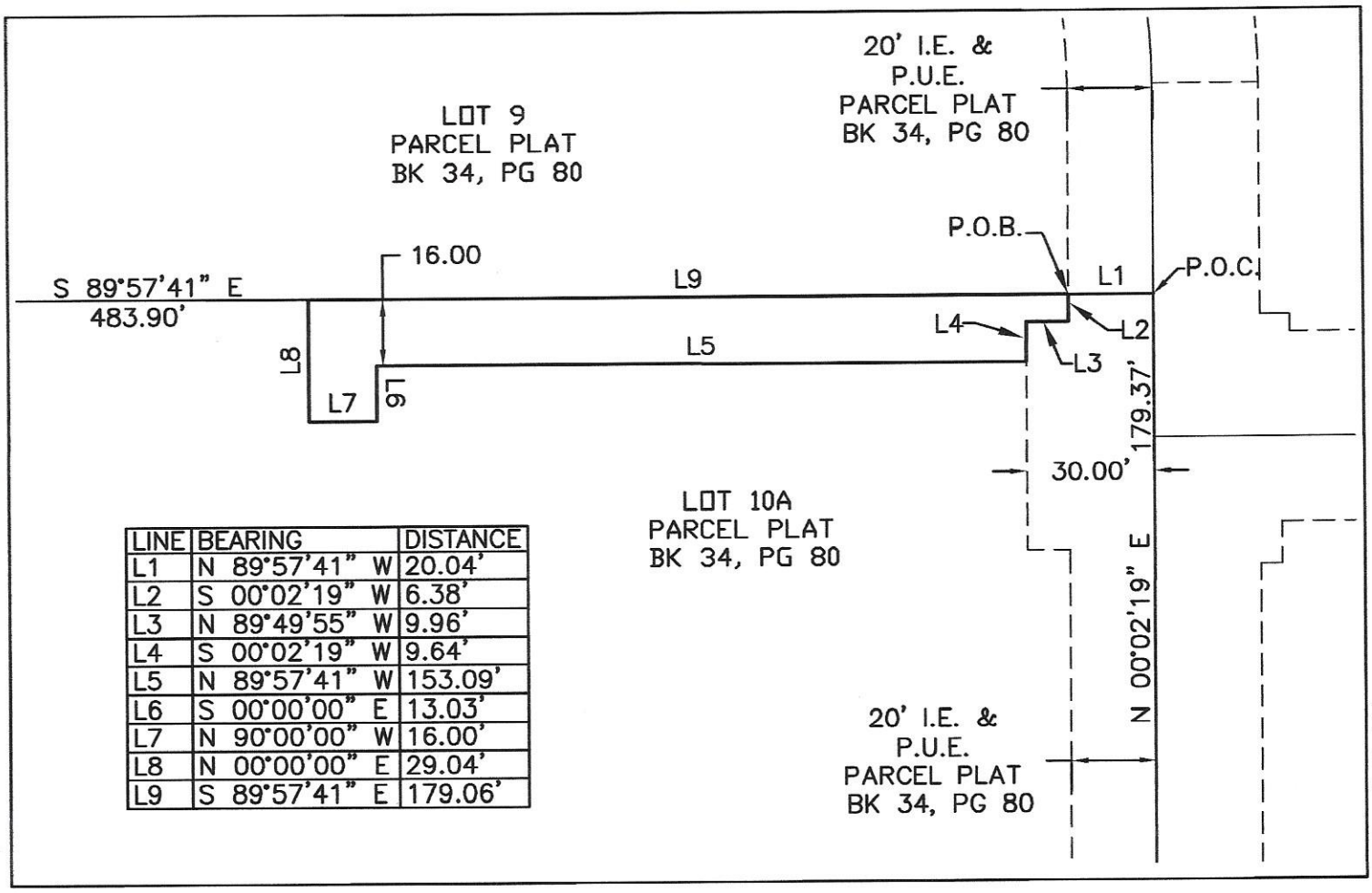
THENCE NORTH 00 DEGREES 00 MINUTES 00 SECONDS EAST, A DISTANCE OF 29.04 FEET TO A POINT ON SAID NORTHERLY LINE OF LOT 10-A;

THENCE ALONG SAID NORTHERLY LINE SOUTH 89 DEGREES 57 MINUTES 41 SECONDS EAST, A DISTANCE OF 179.06 FEET TO A POINT ON SAID WESTERLY EASEMENT LINE AND THE **POINT OF BEGINNING;**

CONTAINING AN AREA OF 2,977.5 SQ. FT. MORE OR LESS.

LN 1874
06-27-16
LAF/EA

EXHIBIT "A"
PUBLIC UTILITY EASEMENT
LOT 10-A, PARCEL PLAT LOT LINE ADJUSTMENT
AS RECORDED IN BOOK 34, PAGE 80 M.C.R.

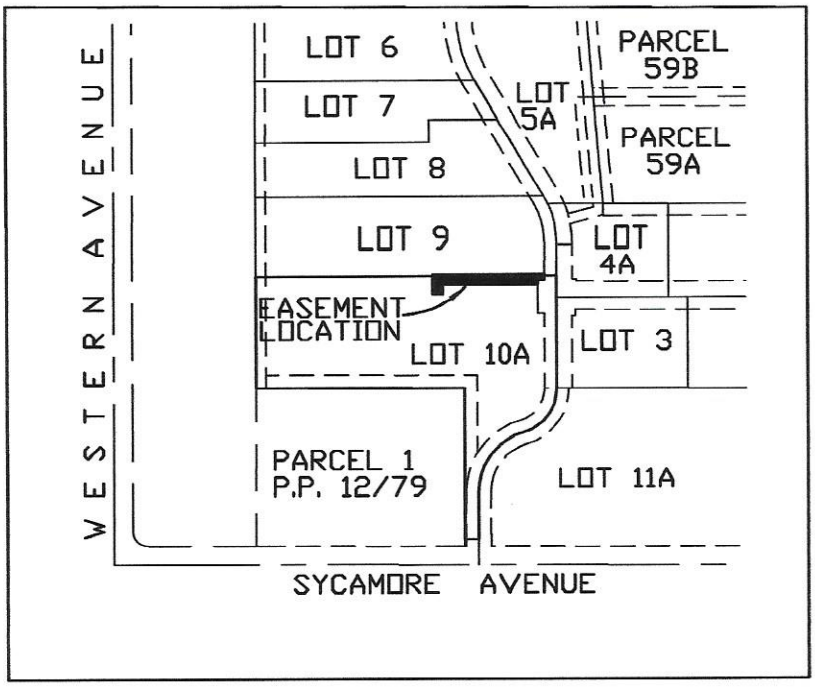


LINE	BEARING	DISTANCE
L1	N 89°57'41" W	20.04'
L2	S 00°02'19" W	6.38'
L3	N 89°49'55" W	9.96'
L4	S 00°02'19" W	9.64'
L5	N 89°57'41" W	153.09'
L6	S 00°00'00" E	13.03'
L7	N 90°00'00" W	16.00'
L8	N 00°00'00" E	29.04'
L9	S 89°57'41" E	179.06'

NORTH
N.T.S.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
57694
LEO A.
FISCHER
Date Signed 6-27-16
ARIZONA, U.S.A.
EXPIRES 06-30-17

LN 1874
6-27-16
PG 2 OF 2
LAF/EA
JOB 7844.0



Anderson Nelson, Inc.
4143 N. 12TH ST., SUITE 200, PHOENIX, AZ 85014
(602) 273-1850 FAX (602) 273-0264

Leo C:\A-N Projects\7844 La Qunita\LN_1874.dwg LAYOUT: LEGAL 06-26-16 07:52 A.M.

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM: City Clerk

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Application for Liquor License Temporary Extension of Premises/Patio Permit

---

SUMMARY:
Applicant Nobel Zubaid of Canyon 66 Restaurant & Lounge has requested a Temporary Liquor License Extension of Premises/Patio Permit for Friday, August 5, 2016 through Sunday, August 7 at 3100 E. Andy Devine Ave in Kingman. **Staff recommends approval.**

FISCAL IMPACT:
None

STAFF RECOMMENDATION:
Staff recommends approval.

ATTACHMENTS:

Description

Temporary Liquor License Extension of Premises/Patio Permit

REVIEWERS:

Department	Reviewer	Action	Date
City Clerk	Muhle, Sydney	Approved	7/8/2016 - 3:57 PM
City Attorney	Cooper, Carl	Approved	7/8/2016 - 4:00 PM
City Manager	Dougherty, John	Approved	7/13/2016 - 1:58 PM

Arizona Department of Liquor Licenses and Control
800 W Washington 5th Floor
Phoenix AZ 85007-2934
www.azliquor.gov
(602) 542-5141

FOR DLLC USE ONLY

Date payment received:

____/____/____

CSR Initials: _____

APPLICATION FOR EXTENSION OF PREMISES/PATIO PERMIT

This application must be returned to the Department of Liquor
(Notice: Allow 30-45 days to process permanent change of premises)

Permanent change of area of service. **A NON-REFUNDABLE $50 FEE WILL APPLY**. Specific purpose for change:

_____

Temporary change for date(s) of: 8 / 5 / 16 through 8 / 7 / 16 List specific purpose for change:
Few small tour groups staying with us requesting outside space.

Licensee's Name: 66 on 66 Bar & Grill, LLC dba Canyon 66 Restaurant & Lounge
Last First Middle

Mailing Address: 3100 E Andy Devine Ave | Kingman | AZ | 86401
Street City State Zip

Business Name: Canyon 66 Restaurant & Lounge License # 12083515

Business Address: 3100 E Andy Devine Ave | Kingman | AZ | 86401
Street City State Zip

Contact phone: [redacted] Business phone: [redacted]

Email: [redacted]

Is extension of premises/patio complete?
■ N/A ☐ Yes ☐ No If no, what is your estimated completion date? ___/___/___

Do you understand Arizona Liquor Laws and Regulations?
■ Yes ☐ No

Does this extension bring your premises within 300 feet of a church or school?
☐ Yes ■ No

Have you received approved Liquor Law Training?
■ Yes ☐ No If yes, when does your Certificate expire? Date: 02/ 27/18

What security precautions will be taken to prevent liquor violations in the extended area?
We will have staff on-property in the extension area monitoring guests.

IMPORTANT: ATTACH THE REVISED FLOOR PLAN CLEARLY DEPICTING YOUR LICENSED PREMISES AND WHAT YOU PROPOSE TO ADD.

Individuals requiring ADA accommodations call (602)542-9027

Barrier Exemption: an exception to the requirement of barriers surrounding a patio/outdoor serving area may be requested. Barrier exemptions are granted based on public safety, pedestrian traffic, and other factors unique to a licensed premise. List specific reasons for exemption:

_____

_____

estigation Recommendation: ☐Approval ☐Disapproval by:_____ Date: ___/___/___

OBTAIN APPROVAL FROM LOCAL GOVERNING BODY BEFORE SUBMITTING TO THE DEPARTMENT

After completing the application, please take this application to your local Board of Supervisors, City Council or Designate for their recommendation. This recommendation is not binding on the Department of Liquor.

This change in premises is RECOMMENDED by the local Board of Supervisors, City Council or Designate:

(Authorized Signature)	(Title)	(Agency)	Date

Noble Zubaid, declare that I am the APPLICANT and, under penalty of
(Print full name)
rjury, making the foregoing application. I have read this application and the contents and all statements are
e, correct and complete.

(Signature)	Owner Title/ Position	6/20/2016 Date	[redacted] Phone #

foregoing instrument was acknowledged before me this 20th (Day) June (Month) 2016 (Year)

te California County of San Bernardino

Commission Expires on: 3/12/2019 (Date) Signature of Notary Public

stigation Recommendation: ☐Approval ☐Disapproval by:_____ Date: ___/___/___

tor Signature required for Disapprovals _____ Date: ___/___/___

Individuals requiring ADA accommodations call (602)542-9027.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Bernardino)

On June 20, 2016 before me, Samuel M. Willner, Notary,
Date *Here Insert Name and Title of the Officer*

personally appeared Noble Zubaid
Name(s) of Signer(s)

,

who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she~~/~~they~~ executed the same in his/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by his/~~her~~/~~their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SAMUEL M. WILLNER
Commission # 2102817
Notary Public - California
San Bernardino County
My Comm. Expires Mar 12, 2019

Signature Samuel M Willner
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Application for Extension Document Date: 8/5/16 to 8/7/16
Number of Pages: 2 Signer(s) Other Than Named Above: — NA —

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

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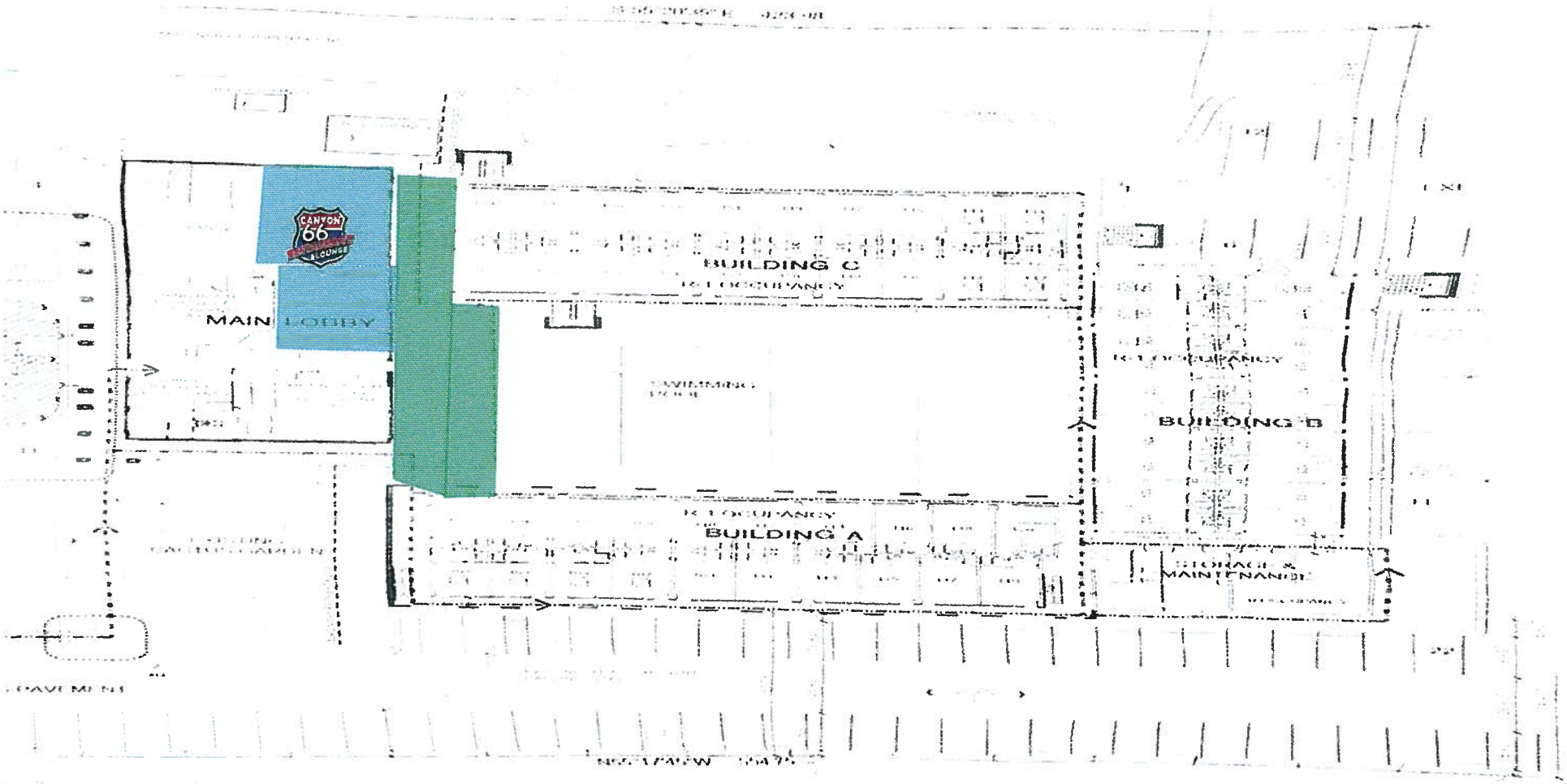
TEMPORARY EXTENSION OF PREMISE PERMIT REQUEST

CANYON 66 RESTAURANT & LOUNGE
3100 E ANDY DEVINE AVE
KINGMAN, AZ 86401
928-529-5010



CURRENT RESTAURANT

TEMPORARY EXTENSION AREA

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM: City Clerk

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Application for Temporary Liquor License Extension of Premises/Patio Permit

---

SUMMARY:
Applicant Nobel Zubaid of Canyon 66 Restaurant & Lounge has requested a Temporary Liquor License Extension of Premises/Patio Permit for Friday, August 19, 2016 through Sunday, August 21 at 3100 E. Andy Devine Ave in Kingman. **Staff recommends approval.**

FISCAL IMPACT:
None

STAFF RECOMMENDATION:
Staff recommends approval.

ATTACHMENTS:

Description

Application for Temporary Liquor License Extension of Premises/Patio Permit

REVIEWERS:

Department	Reviewer	Action	Date
City Clerk	Muhle, Sydney	Approved	7/8/2016 - 4:05 PM
City Attorney	Cooper, Carl	Approved	7/8/2016 - 4:20 PM
City Manager	Dougherty, John	Approved	7/13/2016 - 2:05 PM

Arizona Department of Liquor Licenses and Control
800 W Washington 5th Floor
Phoenix AZ 85007-2934
www.azliquor.gov
(602) 542-5141

FOR DLLC USE ONLY
Date payment received:
____/____/____
CSR initials: _____

APPLICATION FOR EXTENSION OF PREMISES/PATIO PERMIT

This application must be returned to the Department of Liquor
(Notice: Allow 30-45 days to process permanent change of premises)

Permanent change of area of service. **A NON-REFUNDABLE $50 FEE WILL APPLY.** Specific purpose for change:

Temporary change for date(s) of: 8 / 19 / 16 through 8 / 21 / 16 List specific purpose for change:
Australian tour group staying with us requesting outside space.

Licensee's Name: 66 on 66 Bar & Grill, LLC dba Canyon 66 Restaurant & Lounge
Last First Middle

Mailing Address: 3100 E Andy Devine Ave | Kingman | AZ | 86401
Street City State Zip

Business Name: Canyon 66 Restaurant & Lounge License # 12083515

Business Address: 3100 E Andy Devine Ave | Kingman | AZ | 86401
Street City State Zip

Contact phone: [redacted] Business phone: [redacted]

Email: [redacted]

Is extension of premises/patio complete?
■ N/A ☐ Yes ☐ No If no, what is your estimated completion date? ___/___/___

Do you understand Arizona Liquor Laws and Regulations?
■ Yes ☐ No

Does this extension bring your premises within 300 feet of a church or school?
☐ Yes ■ No

Have you received approved Liquor Law Training?
■ Yes ☐ No If yes, when does your Certificate expire? Date: 02 / 27 / 18

What security precautions will be taken to prevent liquor violations in the extended area?
We will have staff on-property in the extension area monitoring guests.

IMPORTANT: ATTACH THE REVISED FLOOR PLAN CLEARLY DEPICTING YOUR LICENSED PREMISES AND WHAT YOU PROPOSE TO ADD.

Individuals requiring ADA accommodations call (602)542-9027

| Barrier Exemption: an exception to the requirement of barriers surrounding a patio/outdoor serving area may be requested. Barrier exemptions are granted based on public safety, pedestrian traffic, and other factors unique to a licensed premise. List specific reasons for exemption:

_____

_____

vestigation Recommendation: ☐Approval ☐Disapproval by:_____ Date: ___/___/___

➲OBTAIN APPROVAL FROM LOCAL GOVERNING BODY BEFORE SUBMITTING TO THE DEPARTMENT➲

After completing the application, please take this application to your local Board of Supervisors, City Council or Designate for their recommendation. This recommendation is not binding on the Department of Liquor.

This change in premises is RECOMMENDED by the local Board of Supervisors, City Council or Designate:

(Authorized Signature)	(Title)	(Agency)	Date

Noble Zubaid, declare that I am the APPLICANT and, under penalty of
(Print full name)

erjury, making the foregoing application. I have read this application and the contents and all statements are

e, correct and complete.

(Signature)	Owner Title/ Position	6/20/2016 Date	[redacted] Phone #

e foregoing instrument was acknowledged before me this 20th (Day) June (Month) 2016 (Year)

ite California County of San Bernardino

Commission Expires on: 3/12/2019 (Date) _____ Signature of Notary Public

stigation Recommendation: ☐Approval ☐Disapproval by:_____ Date: ___/___/___

ctor Signature required for Disapprovals _____ Date: ___/___/___

Individuals requiring ADA accommodations call (602)542-9027.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of San Bernardino)

On June 20, 2016 before me, Samuel M. Willner, Notary,
Date *Here Insert Name and Title of the Officer*

personally appeared Noble Zubaid
Name(s) of Signer(s)

,

who proved to me on the basis of satisfactory evidence to be the person(~~s~~) whose name(~~s~~) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her~~/~~their~~ authorized capacity(~~ies~~), and that by his/~~her~~/~~their~~ signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

SAMUEL M. WILLNER
Commission # 2102617
Notary Public - California
San Bernardino County
My Comm. Expires Mar 12, 2019

Signature Samuel M Willner
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: Application for Extension Document Date: 8/19/16 to 8/21/16
Number of Pages: 2 Signer(s) Other Than Named Above: — NA —

Capacity(ies) Claimed by Signer(s)

Signer's Name:	Signer's Name:
☐ Corporate Officer — Title(s):	☐ Corporate Officer — Title(s):
☐ Partner — ☐ Limited ☐ General	☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator	☐ Trustee ☐ Guardian or Conservator
☐ Other:	☐ Other:
Signer Is Representing:	Signer Is Representing:

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TEMPORARY EXTENSION OF PREMISE PERMIT REQUEST

CANYON 66 RESTAURANT & LOUNGE
3100 E ANDY DEVINE AVE
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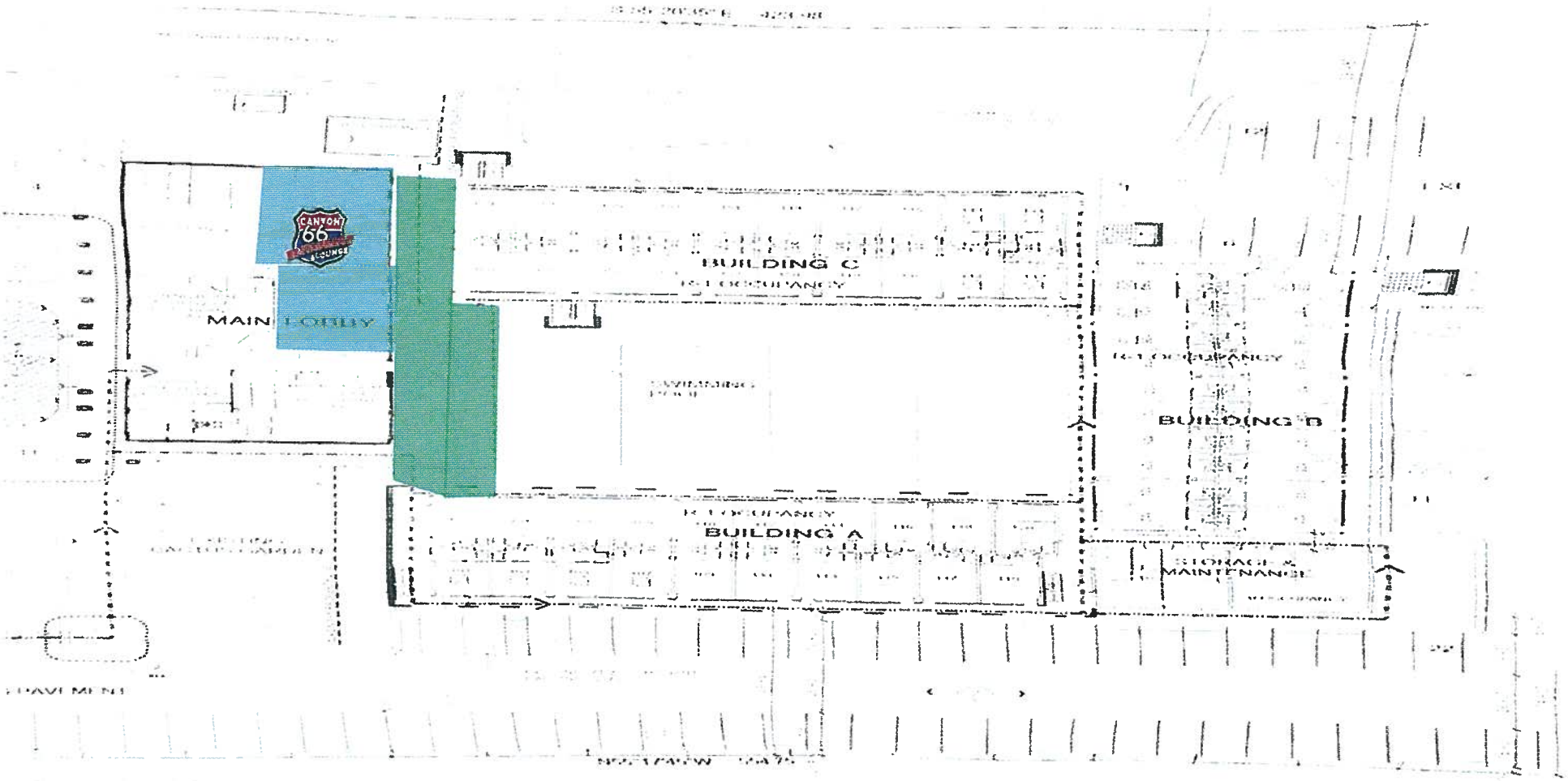
928-529-5010



CURRENT RESTAURANT

TEMPORARY EXTENSION AREA

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM: Engineering Services

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Authorization to purchase real property on Walnut Street for utility and drainage purposes

---

SUMMARY:
As part of a sewer construction project that was authorized by Council on 5/19/15, a new sewer main was proposed to be built between Walnut Street and Chestnut Street so that an old sewer main that currently crosses private property can be relocated to a city owned easement. The property is currently vacant. The easement for the proposed main is located at a low point where a substantial amount of stormwater flows and as a result channel armoring and a more expensive piping system would be necessary to protect the main. To save cost on the project and locate the sewer main outside of a drainage way, staff has approached the owners of the property to see if they would be willing to sell the property to the City. The property would be used for utility and drainage purposes. The property owners have indicated they are willing to sell the land for $7,500. This price is comparable to other vacant lots in the area and is less than the cost to armor the channel and the pipe.

FISCAL IMPACT:
The purchase price will be $7,500 plus escrow closing costs. Funding would come from the Flood Control account which has a budget for land acquisition for drainage purposes.

STAFF RECOMMENDATION:
Staff recommends approval of the property for $7,500 plus escrow closing fees and authorizing the Mayor to sign all property deeds and acceptance statements associated with this acquisition.

ATTACHMENTS:

Description
Letter 6-28-16
Property Map

REVIEWERS:

Department	Reviewer	Action	Date
Engineering	Henry, Greg	Approved	7/7/2016 - 1:59 PM
City Attorney	Cooper, Carl	Approved	7/7/2016 - 2:42 PM
City Manager	Dougherty, John	Approved	7/7/2016 - 2:37 PM

City of Kingman
310 NORTH FOURTH STREET • KINGMAN • ARIZONA • 86401 • 928 • 753-5561
www.ci.kingman.az.us

June 28, 2016

Kevin & Elizabeth Ferry
2198 E. Valley View Rd.
Kingman, AZ 86409

RE: Walnut Street Proposed Property Acquisition
Pleasant View Addition, Block 10, Lot 7 & Portion of Lot 6
Assessor Parcel Number 303-06-072C
City of Kingman File 05-S-0030

Dear Mr. & Mrs. Ferry:

This letter is to confirm our understanding of a possible purchase of your property by the City of Kingman. The terms and conditions of the sale are subject to the full review and approval by the City Council.

You currently own property on Walnut Street which property is described as Pleasant View Addition to the Town of Kingman, 3rd Amended, Block 10, Lots 6 & 7, except the east 23.00 feet of lot 6 (Tax Parcel 303-06-072C).

You have indicated that you are willing to sell the above property subject to the following conditions:

1. That the purchase price for the property will be $7,500.
2. That the City will pay all closing costs associated with the property sale.

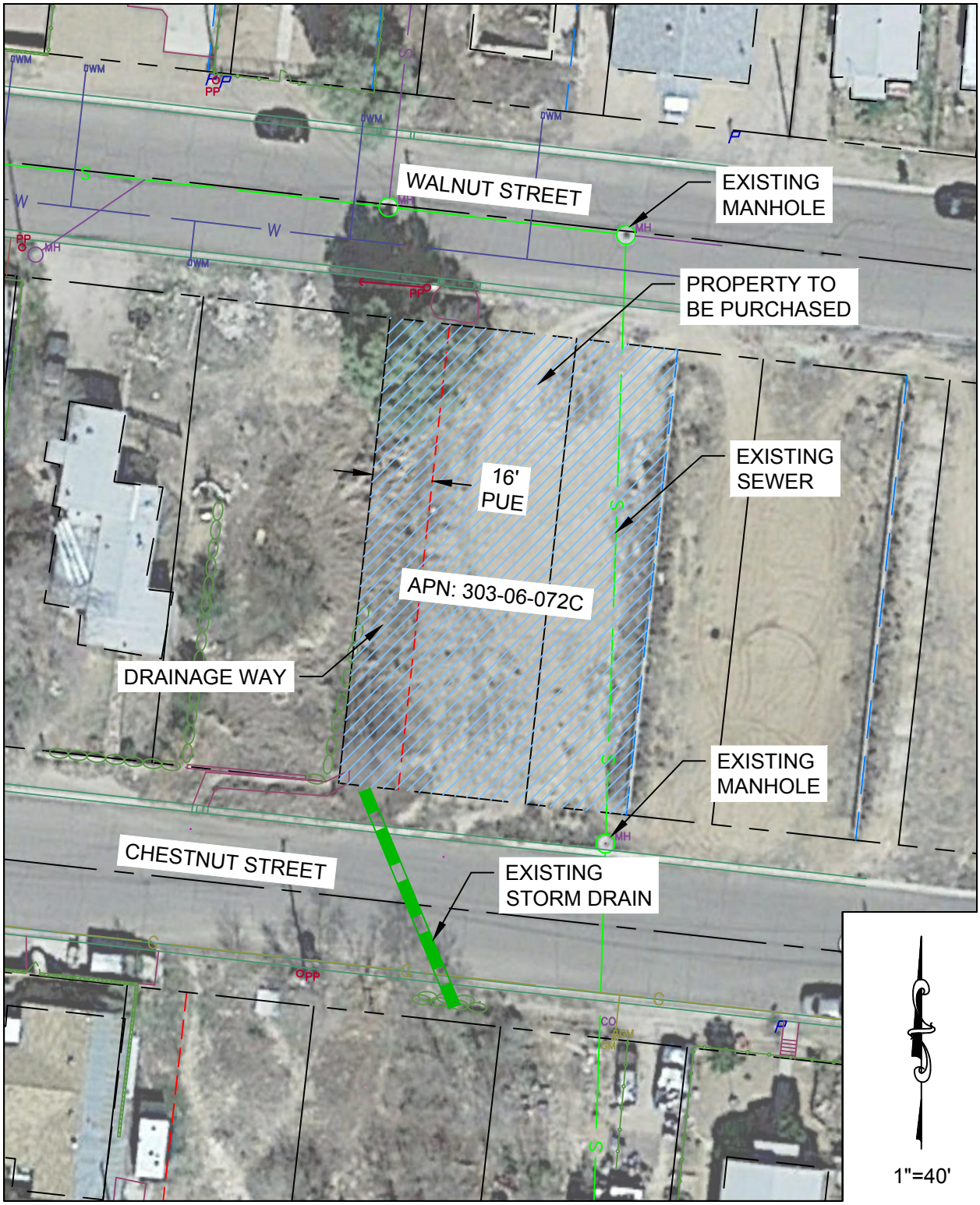
If you are still agreeable to this proposal, please sign in the space below. Let me know if you have any questions.

Sincerely,

Phillip W. Allred, P.E.
Asst. City Engineer
(928) 753-8124

Agreed to and Accepted: Kevin Ferry

Dated: 6/30/2016



CITY OF KINGMAN

ENGINEERING DEPARTMENT

310 NORTH 4TH STREET
KINGMAN, ARIZONA 86401
PHONE (928) 753-8122 FAX (928) 753-8118

LAND PURCHASE EXHIBIT

CHESTNUT / WALNUT SEWER

C.O.K. PROJECT NO.
05-S-0030

SHEET NO.
1 OF 1

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM: Rich Ruggles, Development Services Department

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Acceptance of a grant of two public utility easements being offered in conjunction with the recording of a parcel plat for two properties located at 2366 Golf Drive and 2359 Western Avenue

---

SUMMARY:
Two 8-foot wide public utility easements are being granted to the City of Kingman and the public utility companies by Edwin K. Parks III/Vantage Retirement Plans LLC along Golf Drive and Western Avenue south of Motor Avenue. This grant was requested by UniSource Electric to facilitate the placement of a transformer and other facilities that will serve the subject properties.

This is being done in conjunction with the recording of a parcel plat which will split two existing parcels including Parcel J located on Golf Drive and Parcel A located on Western Avenue. The new parcels will be slightly less than 11,000 square feet each, which will be in accordance with the R-1-10: Residential, Single Family, 10,000 square foot lot minimum zoning district.

FISCAL IMPACT:
None expected.

STAFF RECOMMENDATION:
Authorize the Mayor to sign the acceptance of this grant of easements on the parcel plat.

ATTACHMENTS:

Description

Proposed Parcel Plat

Request for easements from UNSE

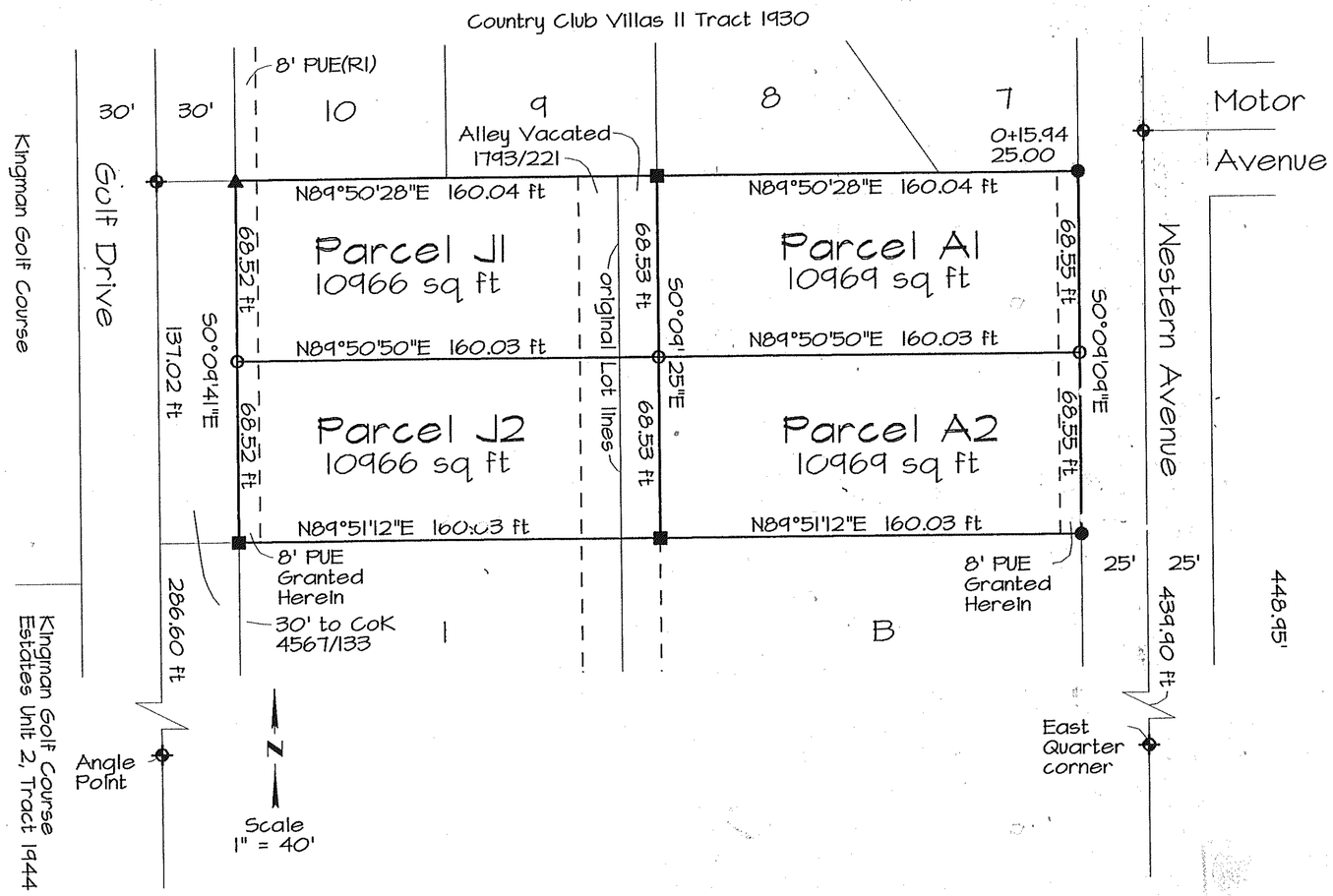
REVIEWERS:

Department	Reviewer	Action	Date
Development Services	Jeppson, Gary	Approved	7/7/2016 - 2:43 PM
City Attorney	Cooper, Carl	Approved	7/7/2016 - 2:45 PM
City Manager	Dougherty, John	Approved	7/13/2016 - 1:56 PM

PREPARED FOR:
Vantage Retirement Plans LLC
20860 N. Tatum Blvd.
Phoenix, AZ 85050

PARCEL PLAT

The Dependent Resurvey and Resegregation of
Parcels A and J as per Record of Survey Book 23, page 52,
Section 13, Township 21 North, Range 17 West
of the Gila & Salt River Meridian, Mohave County, Arizona



SURVEYOR'S NOTES:
Related Instruments:
(R) = Record of Survey 23/52 by this Surveyor, circa 2003
(R1) = the Plat of Country Club Villas II Tract 1930 at Fee #9016081

MONUMENTS:
⊙ = Set 5/8" Rebar, LS 25074
● = Fd. 5/8" Rebar, LS 25074
■ = Fd. 5/8" Rebar, LS 24514
▲ = Fd. 5/8" Rebar, LS 19319
⌖ = Fd. City of Kingman Monument

GRANT:
Know all men by these presents: That Vantage Retirement Plans LLC is the owner of the land included within the plat shown hereon, that it is the only person whose consent is necessary to pass clear title to said land and hereby consent to the making and recording of said plat. I hereby grant to the City of Kingman, on behalf of the public for use as such the utility easements, and as shown on said plat, and included in the above described premises.
In witness whereof, this grant is executed this 29Th day of June, 2016.

Vantage Retirement Plans LLC
fbo Edwin K. Parks III Roth IRA 14101

NOTARY ACKNOWLEDGMENT:
State of: Arizona)
)ss
County of: Mohave)
This GRANT was acknowledged before me, the undersigned officer,
by Edwin K. Parks III
this 29Th day of June, 2016

OFFICIAL SEAL
NOREEN MURPHY
NOTARY PUBLIC - STATE OF ARIZONA
MOHAVE COUNTY
My Comm. Expires April 20, 2017

Notary Public
My Commission expires: April 20, 2017

SURVEYOR'S CERTIFICATE:
This is to certify that the Survey of the attached land split was made under my direction and supervision and is accurately represented on this Plat and that the Property Corners have been found or set as noted on the Plat.

Signature Date Registration No.

CITY ENGINEER & PLANNING DIRECTOR:
This plat has been checked for conformance with Ordinance No. 823-R and other applicable regulations, and appears to comply with all the requirements within my jurisdiction to check and evaluate.

City Engineer Date City Planning Director Date

RECORDER'S CERTIFICATE:
Filed and Recorded at the Request of City of Kingman on _____, in

Book _____, of Parcel Plats, Page _____, Records of Mohave County, Arizona.

by_____ _____
Deputy Recorder Recorder
Reception No. _____

OFFER OF GRANTING:

I, _____, Mayor of the City of Kingman, Arizona,

hereby certify that the Kingman Common Council on the _____ day

of _____, 2016, accepted on behalf of the public, all parcels of land offered for granting for public use in conformity with the terms of the offer of granting.

Mayor, City of Kingman _____

Clerk, City of Kingman _____

Attorney, City of Kingman _____

R.W. Holmquist & Associates LLC
Rural & Remote Land Surveying
& R/W Services
703 E. Beale Street
Kingman, Arizona 86401
(928) 753-7779
(928) 297-0773 Fax
contact@rwholmquist.com

REGISTERED LAND SURVEYOR
CERTIFICATE NO. 25074
RAND WALLACE HOLMQUIST
7-8-16
Date Signed
ARIZONA, U.S.A.

Expires 3/31/2018

160417B

Rich Ruggles

From:	MGibelyou@uesaz.com
Sent:	Friday, June 10, 2016 9:08 AM
To:	Rich Ruggles
Cc:	MYarbrough@uesaz.com
Subject:	RE: Request for Comments on Parcel Plat PP16-0003
Follow Up Flag:	Follow up
Flag Status:	Flagged

Rich, UNSE has reviewed the proposed lot splits and have the following comments.

- There is a set of mailboxes on the northwest corner of Parcel J1. This is the location where a transformer pad was planned. We cannot place a transformer to serve this parcel adjacent to these mailboxes and will have to set further back from the road. Therefore, we are requesting an 8 foot PUE on the west sides of Parcels J1 & J2.
- There is currently no street improvements for Parcels A1 & A2. Not knowing the proposed width of the sidewalk and other potential development constraints we are requesting an 8 foot PUE on the east sides of parcels A1 & A2. This will facilitate future electric service to these parcels.

Please let us know if you have any questions regarding these comments. Thank you for the opportunity to review.

Michael L. Gibelyou, SR/WA
Senior Right of Way Agent
UNS Electric, Inc.
(928) 681-8923 desk
(928) 681-8920 fax

From: Rich Ruggles [mailto:rruggles@cityofkingman.gov]
Sent: Monday, June 06, 2016 9:21 AM
To: Brenda.Wiegersma@FTR.com; Gibelyou, Mike; Fjeld, Jeff; Jay.Rodriguez@suddenlink.com; Charles.Kaiser@mohavecounty.us
Subject: [EXTERNAL E-Mail] Request for Comments on Parcel Plat PP16-0003

Good morning:

I have attached a cover memo and a proposed parcel plat that would split a parcel located on Golf Drive and a second adjoining parcel located on Western Avenue in Kingman. Please review the request and return any comments to me by June 17th. Thanks.

Rich Ruggles
Principal Planner
City of Kingman Development Services Dept.

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM: City Clerk

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Application for Temporary Liquor License Extension of Premises/Patio Permit

---

SUMMARY:
Applicant, Noble Zubaid, Canyon 66 Restaurant and Lounge, has requested a temporary Liquor License Extension of Premises/Patio Permit for Sunday, July 24, 2016 through Tuesday, July 26, 2016 at 3100 E. Andy Devine Ave. in Kingman. **Staff recommends approval.**

FISCAL IMPACT:
None

STAFF RECOMMENDATION:
Staff recommends approval.

ATTACHMENTS:

Description

Temporary Liquor License Extension of Premises/Patio Permit

REVIEWERS:

Department	Reviewer	Action	Date
City Clerk	Muhle, Sydney	Approved	7/8/2016 - 4:05 PM
City Attorney	Cooper, Carl	Approved	7/8/2016 - 4:20 PM
City Manager	Dougherty, John	Approved	7/13/2016 - 2:05 PM

Arizona Department of Liquor Licenses and Control
800 W Washington 5th Floor
Phoenix AZ 85007-2934
www.azliquor.gov
(602) 542-5141

FOR DLLC USE ONLY

Date payment received:

____/____/____

CSR initials: _____

APPLICATION FOR EXTENSION OF PREMISES/PATIO PERMIT

This application must be returned to the Department of Liquor
(Notice: Allow 30-45 days to process permanent change of premises)

Permanent change of area of service. **A NON-REFUNDABLE $50 FEE WILL APPLY**. Specific purpose for change:

_____

Temporary change for date(s) of: 07 / 24 / 16 through 07 / 26 / 16 List specific purpose for change:
Hotel occupancy is very high with three international tours.

Licensee's Name: 66 on 66 Bar & Grill, LLC dba Canyon 66 Restaurant & Lounge
Last First Middle

Mailing Address: 3100 E Andy Devine Ave | Kingman | AZ | 86401
Street City State Zip

Business Name: Canyon 66 Restaurant & Lounge License # 12083515

Business Address: 3100 E Andy Devine Ave | Kingman | AZ | 86401
Street City State Zip

Contact phone: [redacted] Business phone: [redacted]

Email: [redacted]

Is extension of premises/patio complete?
■ N/A ☐ Yes ☐ No If no, what is your estimated completion date? ___/___/___

Do you understand Arizona Liquor Laws and Regulations?
■ Yes ☐ No

Does this extension bring your premises within 300 feet of a church or school?
☐ Yes ■ No

Have you received approved Liquor Law Training?
■ Yes ☐ No If yes, when does your Certificate expire? Date: 02 / 27 / 18

What security precautions will be taken to prevent liquor violations in the extended area?
We will have staff on-property in the extension area monitoring guests.

IMPORTANT: ATTACH THE REVISED FLOOR PLAN CLEARLY DEPICTING YOUR LICENSED PREMISES AND WHAT YOU PROPOSE TO ADD.

Individuals requiring ADA accommodations call (602)542-9027

Barrier Exemption: an exception to the requirement of barriers surrounding a patio/outdoor serving area may be requested. Barrier exemptions are granted based on public safety, pedestrian traffic, and other factors unique to a licensed premise. List specific reasons for exemption:

_____

_____

'estigation Recommendation: ☐Approval ☐Disapproval by:_____ Date: ___/___/___

OBTAIN APPROVAL FROM LOCAL GOVERNING BODY BEFORE SUBMITTING TO THE DEPARTMENT

After completing the application, please take this application to your local Board of Supervisors, City Council or Designate for their recommendation. This recommendation is not binding on the Department of Liquor.

This change in premises is RECOMMENDED by the local Board of Supervisors, City Council or Designate:

(Authorized Signature) (Title) (Agency) Date

Noble Zubaid, declare that I am the APPLICANT and, under penalty of
(Print full name)
rjury, making the foregoing application. I have read this application and the contents and all statements are
e, correct and complete.

(Signature)	Title/ Position	Date	Phone #
	OWNER	6/28/16	[redacted]

foregoing instrument was acknowledged before me this 28 (Day) JUNE (Month) 2016 (Year)

te CALIFORNIA County of SAN BERNARDINO

Commission Expires on: MAR 12, 2019 (Date) _____ Signature of Notary Public

stigation Recommendation: ☐Approval ☐Disapproval by:_____ Date: ___/___/___

ctor Signature required for Disapprovals _____ Date: ___/___/___

Individuals requiring ADA accommodations call (602)542-9027.

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT **CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California)
County of SAN BERNARDINO)

On JUNE 28, 2016 before me, Samuel M. Willner Notary,
Date *Here Insert Name and Title of the Officer*

personally appeared Noble Zubaid
Name(s) of Signer(s)

,

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that by his/~~her/their~~ signature(s) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

SAMUEL M. WILLNER
Commission # 2102817
Notary Public - California
San Bernardino County
My Comm. Expires Mar 12, 2019

SAMUEL M. WILLNER
Commission # 2102817
Notary Public - California
San Bernardino County
My Comm. Expires Mar 12, 2019

Place Notary Seal Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Samuel M Willner
Signature of Notary Public

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document
Title or Type of Document: Application for extension Document Date: 7/24/2016 to 7/26/2016
Number of Pages: 2 Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

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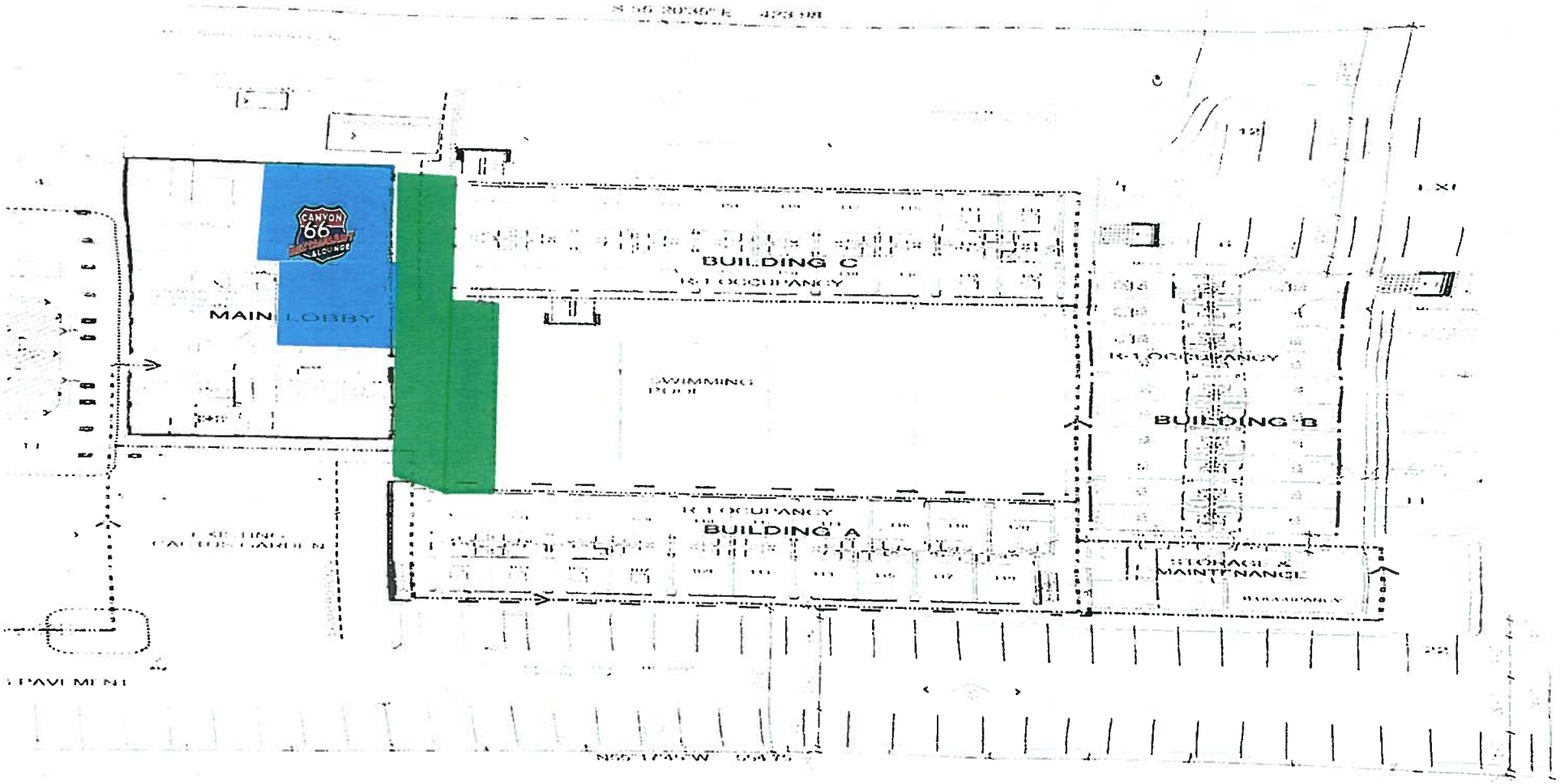
TEMPORARY EXTENSION OF PREMISE PERMIT REQUEST

CANYON 66 RESTAURANT & LOUNGE
3100 E ANDY DEVINE AVE
KINGMAN, AZ 86401
928-529-5010



CURRENT RESTAURANT

TEMPORARY EXTENSION AREA

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM: City Clerk

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Application for Temporary Liquor License Extension of Permises/Patio Permit

---

SUMMARY:
Applicant, Blake Schritter, has applied for a Temporary Liquor License Extension of Premises/Patio Permit for Saturday, August 6, at 421 E Beale Street in Kingman. **Staff recommends approval.**

FISCAL IMPACT:
None

STAFF RECOMMENDATION:
Staff recommends approval.

ATTACHMENTS:

Description

Temporary Liquor License Extension of Premises/Patio Permit

REVIEWERS:

Department	Reviewer	Action	Date
City Clerk	Muhle, Sydney	Approved	7/8/2016 - 4:01 PM
City Attorney	Cooper, Carl	Approved	7/8/2016 - 4:19 PM
City Manager	Dougherty, John	Approved	7/14/2016 - 3:18 PM

Arizona Department of Liquor Licenses and Control
800 W Washington 5th Floor
Phoenix, AZ 85007-2934
www.azliquor.gov
(602) 542-5141

DLLC USE ONLY
CSR:
Log #:

dp
'16 JUL 8 12:24 22s

APPLICATION FOR EXTENSION OF PREMISES/PATIO PERMIT
OBTAIN APPROVAL FROM LOCAL GOVERNING BOARD BEFORE SUBMITTING TO THE DEPARTMENT OF LIQUOR
****Notice: Allow 30-45 days to process permanent change of premise****

☐ Permanent change of area of service. **A non-refundable $50. Fee will apply**. Specific purpose for change:

☑ Temporary change **(No Fee)** for date(s) of: 08 / 06 / 2016 through 08 / 06 / 2016 list specific purpose for change:

Extra space needed for our 3 year anniversary party

Licensee's Name: Schritter (Last) Blake (First) (Middle) License#: 03083006

Mailing address: 421 E Beale Street (Street) Kingman (City) AZ (State) 86401 (Zip Code)

Business Name: Black Bridge Brewery

Business Address: 421 E Bealte Street (Street) Kingman (City) AZ (State) 86401 (Zip Code)

Email Address: BLACKBRIDGEBREWERY@GMAIL.COM

Business Phone Number: 928-377-3618 Contact Phone Number: [redacted]

Is extension of premises/patio complete?
☐ N/A ☐ Yes ☑ No If no, what is your estimated completion date? 08 / 06 / 2016

Do you understand Arizona Liquor Laws and Regulations?
☑ Yes ☐ No

Does this extension bring your premises within 300 feet of a church or school?
☐ Yes ☑ No

. Have you received approved Liquor Law Training?
☑ Yes ☐ No

. What security precautions will be taken to prevent liquor violation s in the extended area? Trained employees and temporary fencing to promote containment of served beer. Signs that state "No alcohol beyond this point"

IMPORTANT: Attach the revised floor plan, clearly depicting your licensed premise along with the new extended area tlined in black marker or ink, ***if the extended area is not outlined and marked "extension" we cannot accept the plication.***

Individuals requiring ADA accommodations please call (602) 542-9027

☐ Barrier Exemption: an exception to the requirement of barriers surrounding a patio/outdoor serving area may be requested. Barrier exemptions are granted based on public safety, pedestrian traffic, and other factors unique to a licensed premise. List specific reasons for exemption:

_____

_____

☐ Approval ☐ Disapproval by **DLLC**: _____ Date: ____/____/____

Notary

I, **(Print Full Name)** Timothy Blake Schritter, hereby declare that I am a **CONTROLLING PERSON/ AGENT** filing this notification. I have read this document and the contents and all statements are true, correct and complete.

X (Signature) _____
Controlling Person / Agent

State of Arizona County of Mohave
the foregoing instrument was acknowledged before me this

9 of July 2016
Day **Month** **Year**

My commission expires on: Oct. 26 2017

LOLA D. SURRATT
Notary Public - State of Arizona
MOHAVE COUNTY
My Commission Expires
October 26, 2017

_____
Signature of NOTARY PUBLIC

GOVERNING BOARD

After completion, and **BEFORE submitting to the Department of Liquor**, please take this application to your local Board of Supervisors, City Council or Designate for their recommendation. This recommendation is not binding on the Department of Liquor.

This change in premises is recommended by the local Board of Supervisors, City Council or Designate:

_____
Authorized Signature **Title** **Agency** **Date**

DLLC USE ONLY

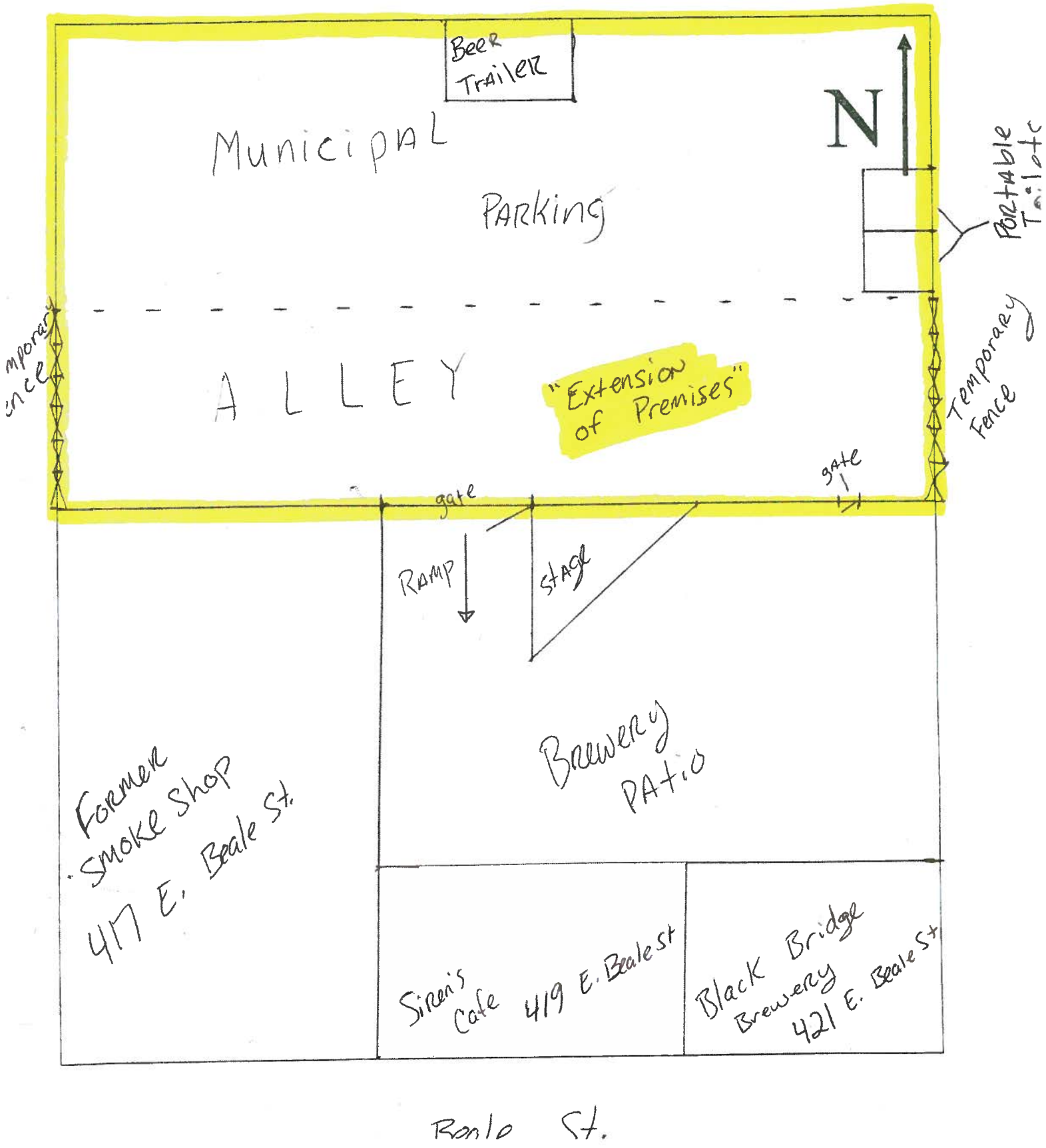
Investigation Recommendation: ☐ Approval ☐ Disapproval by: _____ Date: ____/____/____

Director Signature required for Disapprovals: _____ Date: ____/____/____

Individuals requiring ADA accommodations please call (602)542-9027

SPECIAL EVENT LICENSED PREMISES DIAGRAM
(This diagram must be completed and attached to the application)

Special Event Diagram: (Show dimensions, serving areas and label type of enclosure and security positions)
NOTE: Show nearest cross streets, highway or road if location doesn't have an address.



CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM: Jackie Walker, Human Resources/Risk Management Director

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Resolution No. 5026 - Revise Exhibit B/Personnel Classification Schedule

---

SUMMARY:

Attached Resolution #5026 revises Exhibit "B" - Personnel Classification of the Compensation & Classification Plan. Adopting the attached resolution will modify the classification schedule by:

1. Engineering – refund Asst City Surveyor and receive the transfer of the GIS Technician position from IT. Equals: increase of 2 budgeted FTE.
2. Parks, Recreation & Golf Course – retitle Irrigation Mechanic to Irrigation Technician to align title with industry standard. Refund one unfunded Groundskeeper for Parks. Equals: increase of 1 budgeted FTE in Parks.
3. Fire – reclassify three Fire Engineers to Firefighter. Equals: reduction of 3 budgeted FTE Fire Engineers, increase 3 budgeted FTE Firefighters.
4. Water Operating – refund Water Tech B; refund two Equipment Operator B's; refund Water Service Worker and add one new Water Service Worker (meter readers). Equals: increase of 5 budgeted FTE.
5. Sanitation – add one new Equipment Operator B. Equals: increase of 1 budgeted FTE.
6. Information Technology – transfer GIS Technician to Engineering budget. Equals: reduction of 1 budgeted FTE.
7. Tourism – add new Tourism Director, Visitor Center Coordinator and Customer Service Representative. Equals: increase in 3 budgeted FTE.

Fiscal Year 2016-2017 will be set at 346 Authorized Budgeted FTE which is an increase of 11 FTE over the previous fiscal year (6 total from unfunded; 5 new).

With no change to the City's salary structure, Exhibit "A" – Salary Structure of the Compensation & Classification plan is not attached and shall remain the same during FY 2015-2016. Exhibit C Classifications sorted 'By Classification' will change to reflect the changes made herein to Exhibit B.

FISCAL IMPACT:

As adopted with FY 2016-2017 budget - $733,200 across all funds.

STAFF RECOMMENDATION:

Adopt Resolution #5026

ATTACHMENTS:

Description

Resolution 5026

Exhibit B - Classifications By Department

REVIEWERS:

Department	Reviewer	Action	Date
Human Resources	Walker, Jackie	Approved	7/12/2016 - 6:26 PM
City Attorney	Cooper, Carl	Approved	7/13/2016 - 11:58 AM
City Manager	Dougherty, John	Approved	7/14/2016 - 3:27 PM

CITY OF KINGMAN, ARIZONA

RESOLUTION NO. 5026

A RESOLUTION BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF KINGMAN, ARIZONA; AMENDING THE PERSONNEL RULES AND REGULATIONS OF THE CITY OF KINGMAN BY REVISING EXHIBIT "B" – PERSONNEL CLASSIFICATIONS OF THE COMPENSATION & CLASSIFICATION PLAN FOR FISCAL 2016-2017

WHEREAS, the Common Council has the authority under Rule 6 and Rule 7 of the City of Kingman Personnel Rules and Regulations to amend the Personnel Classification plan, and

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of the City of Kingman, Arizona as follows:

A. That the Personnel Classifications for Fiscal Year 2016-2017, attached hereto as Exhibit "B," Personnel by Department, be incorporated herein by reference.

B. That Exhibit "B" reflects the following changes:

1. Engineering – refund Asst City Surveyor and receive the transfer of the GIS Technician position from IT. Equals: increase of 2 budgeted FTE.
2. Park, Recreation & Golf Course – retitle Irrigation Mechanic to Irrigation Technician to align title with industry standard. Refund one unfunded Groundskeeper for Parks. Equals: increase of 1 budgeted FTE in Parks.
3. Fire – reclassify three Fire Engineers to Firefighter. Equals: reduction of 3 budgeted FTE Fire Engineers, increase 3 budgeted FTE Firefighters.
4. Water Operating – refund Water Tech B; refund two Equipment Operator B's; refund Water Service Worker and add one new Water Service Worker (meter readers). Equals: increase of 5 budgeted FTE.
5. Sanitation – add one new Equipment Operator B. Equals: increase of 1 budgeted FTE.
6. Information Technology – transfer GIS Technician to Engineering budget. Equals: reduction of 1 budgeted FTE.
7. Tourism – add new Tourism Director, Visitor Center Coordinator and Customer Service Representative. Equals: increase in 3 budgeted FTE.

C. That for Fiscal Year 2016-2017 the classification total be set at 346 Authorized Budgeted FTE which is an increase of 11 FTE over the previous fiscal year (6 total from unfunded; 5 new).

PASSED AND ADOPTED by the Mayor and Common Council of the City of Kingman, Arizona, on July 19, 2016.

APPROVED:

ATTEST:

_____ _____

Sydney Muhle, City Clerk Richard Anderson, Mayor

APPROVED AS TO FORM:

_____

Carl Cooper, City Attorney

EXHIBIT B
FY 2017

PERSONNEL CLASSIFICATIONS BY DEPARTMENT	SALARY GRADE	AUTHORIZE/BUDGETED FTE	AUTHORIZE/UNFUNDED FTE	FLSA EXEMPT
MAYOR & COUNCIL (1310)				
Mayor		1.00		
Vice Mayor		1.00		
Councilmember		5.00		
DEPARTMENT TOTAL		**7.00**	**0.00**	
CITY MAGISTRATE (1243)				
City Magistrate	Contract	1.00		X
Associate Magistrate	221	0.50		X
Court Administrator	218	1.00		X
Court Collections Officer	205	1.00		
Court Clerk	204	5.00	0.00	
Court Clerk - Veterans	204	1.00		
DEPARTMENT TOTAL		**9.50**	**0.00**	
CITY ATTORNEY (1530)				
City Attorney	Contract	1.00		X
Asst City Attorney	224	1.00		X
Prosecutor	218	1.00		X
Administrative Supervisor	212	1.00		
Legal Secretary	204	2.00	1.00	
DEPARTMENT TOTAL		**6.00**	**1.00**	
CITY MANAGER (1320)				
City Manager	Contract	1.00		X
Special Project Administrator	224	0.00	1.00	X
Administrative Assistant	206	0.00	1.00	
DEPARTMENT TOTAL		**1.00**	**2.00**	
ECONOMIC DEVELOPMENT (1650)				
Economic Development Director	227	0.00		X
Administrative Assistant	206	0.00		
DEPARTMENT TOTAL		**0.00**	**0.00**	
CITY CLERK (1540)				
City Clerk	224	1.00		X
Deputy City Clerk	211	1.00		
Administrative Assistant	206	1.00		
Administrative Secretary	204	0.00		
DEPARTMENT TOTAL		**3.00**	**0.00**	
HUMAN RESOURCES & RISK (1550)				
Human Resources/Risk Director	227	1.00		X
Human Resources Administrator	218	1.00		X
Human Resources Technician	209	1.00		
Human Resources Technician	209	0.50		
Program Sub-Total		**3.50**	**0.00**	
RISK MANAGEMENT (1555)				
Loss Control Technician	209	1.00		
Program Sub-Total		**1.00**	**0.00**	
DEPARTMENT TOTAL		**4.50**	**0.00**	

INFORMATION TECHNOLOGY (3840)				
Information Technology Director	227	1.00		X
Information Technology Administrator	218	1.00		X
Information Technology Coordinator	214	4.00		
GIS Technician	209	0.00		
DEPARTMENT TOTAL		**6.00**	**0.00**	
FINANCIAL SERVICES DEPARTMENT				
Finanace Administration (1512)				
Financial Service Director	227	1.00		X
Finance Administrator	220	1.00		X
Sr. Accountant/Budget Analyst	217	1.00		X
Accountant	209	1.00		
Payroll/Accts Payable Clerk	205	2.00	1.00	
Program Sub-Total		**6.00**	**1.00**	
Utility Billing Services (3410)				
Finance Administrator	220	1.00		X
Administrative Supervisor	212	1.00		
Administrative Assistant II	209	1.00		
Customer Svc Representative	204	4.00		
Program Sub-Total		**7.00**	**0.00**	
DEPARTMENT TOTAL		**13.00**	**1.00**	
ENGINEERING				
Engineering & Survey (3490)				
City Engineer	227	1.00		X
Asst City Engineer	224	3.00		X
City Surveyor	220	1.00		X
Asst City Surveyor	218	1.00	0.00	X
Project Engineer	218	0.00	1.00	X
Project Manager	217	0.00	1.00	X
Engineering Technician Supervisor	213	1.00		
Survey Party Chief	213	2.00		
Engineering Technician II	212	1.00		
Adminstrative Assistant II	209	1.00		
Engineering Technician	209	4.00	2.00	
GIS Technician	209	1.00		
Survey Instrument Technican	209	0.00	2.00	
Administrative Assistant	206	1.00	1.00	
Administrative Secretary	204	0.00		
DEPARTMENT TOTAL		**17.00**	**7.00**	
DEVELOPMENT SERVICES				
Planning & Zoning (1910)				
Development Services Director	227	1.00		X
Planning & Zoning Administrator	224	0.00		X
Principal Planner	217	2.00		X
Planner	214	1.00		
Administrative Assistant	206	1.00		
Administrative Secretary	204	0.00		
Program Sub-Total		**5.00**	**0.00**	
Building Inspection (2420)				
Building Official	218	1.00		X

Sr. Building Inspector	212	3.00	6.00	
Building Inspector	209	0.00		
Permit Technician	208	1.00		
Administrative Assistant	206	0.00		
Administrative Secretary	204	0.00		
Program Sub-Total		**5.00**	**6.00**	
DEPARTMENT TOTAL		**10.00**	**6.00**	
PARKS & RECREATION				
Parks (5210)				
Parks & Rec Director	227	1.00		X
Superintendent	218	1.00		X
Crew Leader	211	1.00		
Equipment Mechanic	209	2.00		
Administrative Assistant	206	1.00		
Chemical Applicator	204	1.00		
Irrigation Technician	204	2.00		
Groundskeeper	202	11.00	2.00	
Park Ranger	201	0.75		
Program Sub-Total		**20.75**	**2.00**	
Recreation (5111)				
Superintendent	218	1.00		X
Recreation Coordinator	211	2.00	0.00	
Recreation Leader	201	0.00	0.00	
Program Sub-Total		**3.00**	**0.00**	
Pools (5124)				
Pool Operator	204	2.00		
Program Sub-Total		**2.00**	**0.00**	
Golf Course (5125)				
Superintendent	218	0.00	1.00	X
Crew Leader	211	1.00		
Equipment Mechanic	209	1.00		
Irrigation Technican	204	1.00		
Groundskeeper	202	5.25	1.00	
Program Sub-Total		**8.25**	**2.00**	
DEPARTMENT TOTAL		**34.00**	**4.00**	
FIRE DEPARTMENT				
Uniformed Personnel (2210)				
Fire Chief	227	1.00		X
Asst Fire Chief	224	1.00		X
Battalion Chief - Training, Prevention,	221	3.00		X
Battalion Chief - Operations	221	3.00		
Asst Fire Marshal	217	0.00	1.00	X
Captain - Fire	216	12.00		
Fire Prevention Specialist	214	3.00		
Engineer - Fire	213	12.00		
Firefighter	211	16.00	2.00	
Program Sub-Total		**51.00**	**3.00**	
Support Staff (2210)				
Administrative Assistant	206	1.00		

Administrative Secretary	204	1.00		
Program Sub-Total		**2.00**	**0.00**	
911 Dispatch Center (2911)				
Communications Administrator	218	1.00		**X**
Communications Crew Leader	211	4.00		
Communications Specialist	209	11.00		
Program Sub-Total		**16.00**	**0.00**	
DEPARTMENT TOTAL		**69.00**	**3.00**	
POLICE DEPARTMENT				
Sworn Personnel (2110)				
Police Chief	227	1.00		X
Deputy Chief	224	1.00		X
Captain - Police	224	0.00	1.00	X
Lieutenant	221	3.00		
Sergeant	216	7.00		
Police Officer	212	43.00		
Program Sub-Total		**55.00**	**1.00**	
Support Staff (2110)				
Support Services Administrator	220	1.00		X
Administrative Supervisor	212	1.00		
Evidence Technician II	211	1.00		
Code Enforcement Officer	209	4.00		
Evidence Technician	208	1.00		
Administrative Assistant	206	2.00		
Call Taker	206	0.00	1.00	
Animal Control Officer	205	0.00		
Administrative Secretary	204	5.00	1.00	
Program Sub-Total		**15.00**	**2.00**	
DEPARTMENT TOTAL		**70.00**	**3.00**	
PUBLIC WORKS DEPARTMENT				
Administration (3100)				
Public Works Director	227	1.00		X
Project Manager	217	1.00		X
Administrative Assistant II	209	1.00		
Program Sub-Total		**3.00**	**0.00**	
Transit System (3115)				
Superintendent	218	1.00		X
Administrative Assistant	206	1.00		
Program Sub-Total		**2.00**	**0.00**	
Transit System (3120)				
Transit Operator	206	9.00	1.00	
Program Sub-Total		**9.00**	**1.00**	
TRANSIT TOTAL		**11.00**	**1.00**	
Streets (3110)				
Superintendent	218	1.00		X
Electrician II	212	1.00		
Crew Leader	211	1.00		
Electrician I	209	0.00		

Equipment Operator A	209	7.00	1.00	
Equipment Operator B	206	1.00	4.00	
Program Sub-Total		**11.00**	**5.00**	
Water Operations (3510)				
Superintendent	218	1.00		X
Construction Project/Mt Supervisor	213	1.00		
Administrative Supervisor	212	1.00		
Electrician II	212	1.00		
Fire Crew Leader	211	1.00		
Water Quality Program Manager	211	1.00		
Blue Stake Coordinator	209	1.00		
Cross Connection Specialist/Adm Asst	209	0.00		
Water Technician A	209	2.00	1.00	
Equipment Operator A	209	5.00		
Water Technician B	208	1.00	0.00	
Administrative Assistant	206	1.00		
Equipment Operator B	206	6.00	0.00	
Water Service Worker	204	2.00	0.00	
Fire Maintenance Worker	202	2.00		
Program Sub-Total		**26.00**	**1.00**	
Wastewater Operations (3730)				
Superintendent	218	1.00		X
Wastewater Treatment Plant Op IV	213	3.00		
Lab Analyst	211	1.00		
Wastewater Treatment Plant Op III	211	2.00		
Wastewater Treatment Plant Op II	209	2.00		
Wastewater Treatment Plant Op I	208	0.00		
Wastewater Collections A	209	2.00		
Wastewater Collections B	208	0.00		
Program Sub-Total		**11.00**	**0.00**	
Sanitation (3320)				
Superintendent	218	1.00		X
Crew Leader	211	1.00		
Equipment Operator B	206	16.00		
Program Sub-Total		**18.00**	**0.00**	
Fleet Services (3810)				
Superintendent	218	1.00		X
Crew Leader	211	1.00		
Equipment Mechanic	209	3.00		
Welder	209	1.00		
Administrative Assistant	206	1.00		
Program Sub-Total		**7.00**	**0.00**	
Building Maintenance Services (3830)				
Building Maintenance Technician	209	2.00		
Building Maintenance Worker	202	4.00		
Program Sub-Total		**6.00**	**0.00**	
DEPARTMENT TOTAL		**93.00**	**7.00**	
TOURISM (2710)				
Tourism Director	222	1.00		X

Visitor Center Coordinator	211	1.00	
Customer Service Representative	204	1.00	
DEPARTMENT TOTAL		**3.00**	**0.00**
TOTAL FTE		**346.00**	**34.00**

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM: John A. Dougherty, City Manager

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Discussion and possible action concerning strict enforcement of the International Building Code

---

SUMMARY:
I have had numerous discussions with local builders about Building Inspectors strict following of International Building Code guidelines. I have asked the Builders Association to be at the meeting and present their case. Personally I'm sympathetic but would like guidance from Council on whether I have discretion, you want it strictly followed, or you want to hear every appeal. My belief is that it should be strictly followed on new construction but it can add expenses on a project that doesn't need to be or the building has been functioning in the same capacity but the city is adding expenses on when somebody wants to remodel.

One of the Building Inspectors said to me, "I will do whatever I'm directed to do. What do you want done?". I would take it in stride to make the decision but at some point I'm assuming Council said they want to follow IBC and we all want to follow the direction of the Council. My personal belief is that we are stifling development by strict enforcement when it is not a health and safety issue.

FISCAL IMPACT:
None or slight

STAFF RECOMMENDATION:
Developmental Services Director Jeppson and I have differing opinions

REVIEWERS:

Department	Reviewer	Action	Date
City Manager	Dougherty, John	Approved	7/7/2016 - 2:41 PM
City Attorney	Cooper, Carl	Approved	7/7/2016 - 2:44 PM
City Manager	Dougherty, John	Approved	7/7/2016 - 2:41 PM

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM:

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Discussion and direction regarding having a City of Kingman booth at the Mohave County Fair

---

SUMMARY:
At the July 5, 2016, Regular Meeting Clean City Commission member Joe Longoria addressed the Council during the Call to the Public and requested that the City Council have an agenda item to discuss the City paying for and helping staff a booth at the Mohave County Fair. Mayor Anderson directed staff to place this item on the agenda for the Council to discuss.

The Mohave County Fair will be held September 15th through 18th at the Mohave County Fairgrounds.

FISCAL IMPACT:
There will be costs associated to rent the booth space as well as any supplies and handouts that are desired.

STAFF RECOMMENDATION:

REVIEWERS:

Department	Reviewer	Action	Date
City Manager	Dougherty, John	Approved	7/14/2016 - 3:26 PM
City Attorney	Cooper, Carl	Approved	7/14/2016 - 3:27 PM
City Manager	Dougherty, John	Approved	7/14/2016 - 3:26 PM

CITY OF KINGMAN
COMMUNICATION TO COUNCIL

TO: Honorable Mayor and Common Council

FROM: Tina D. Moline, Financial Services Director

MEETING DATE: July 19, 2016

AGENDA SUBJECT: Fiscal Year 2015 Financial Audit Review

SUMMARY:
In January 2016, HintonBurdick was hired to perform the City of Kingman's FY2015 financial audit. Due to the fraudulent activities that had occurred within the City, the review of the City's financial activities was a lengthy process.

Upon HintonBurdick conducting interviews, reviewing existing procedures, and reviewing the City's internal recordkeeping, accounting practices and financial statements, HintonBurdick has issued the FY2015 Comprehensive Annual Financial Report.

Steven Palmer, a partner at HintonBurdick, will present to Council an overview of the Report to include financial trends, an explanation of GASB 68 and its impact on the City's net position as well as a review of the Schedule of Findings.

FISCAL IMPACT:
None.

STAFF RECOMMENDATION:
None. This is an informational item only.

ATTACHMENTS:

Description
FY2015 Comprehensive Annual Financial Report
PowerPoint Presentation

REVIEWERS:

Department	Reviewer	Action	Date
Finance	Moline, Tina	Approved	7/13/2016 - 5:24 PM
City Attorney	Cooper, Carl	Approved	7/14/2016 - 3:27 PM
City Manager	Dougherty, John	Approved	7/14/2016 - 3:27 PM

City of Kingman, Arizona

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015
With Report of
Certified Public Accountants

CITY OF KINGMAN, ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CITY OF KINGMAN, ARIZONA

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INTRODUCTORY SECTION

June 30, 2016

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Kingman:

The 2015 Comprehensive Annual Financial Report (CAFR) of the City of Kingman, Arizona for the fiscal year ended June 30, 2015, is submitted in accordance with Arizona Revised Statutes, Section 9-481. Because the cost of internal controls should not outweigh their benefits, the City of Kingman's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Kingman's financial statements have been audited by HintonBurdick, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Kingman for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors, concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Kingman's financial statement for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Kingman was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited entity's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Kingman's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Kingman, incorporated in 1952, is located in northwestern Arizona at the intersection of Interstate 40 and U.S. 93. The City's boundaries enclose 33 square miles in Mohave County and serve a population of 28,620 and enjoy a mild climate at an elevation of 3,345 feet.

The City of Kingman operates under the council-manager form of government. The City Council, which as the policy-making and legislative authority, consists of a Mayor and a six-member council. The Council is responsible for, among other things, passing ordinances, resolutions and adopting the annual budget. They also appoint committees and hire the City Manager, City Attorney and Magistrate. The City Manager is responsible for carrying out the policies, ordinances and resolutions of the Council, and for overseeing the day-to-day operations of the City. The City Council is elected on a nonpartisan "at large" basis. Council members are elected to four-year staggered terms with three council members elected every two years. The qualified electors of the City directly elect the Mayor for a two-year term.

The City of Kingman provides a full range of services, including police and fire services; planning, zoning, and building code enforcement; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events; and public transit system. The City of Kingman also operates a municipal water, sewer and sanitation utility that presently serves approximately 19,050 customers.

The annual budget serves as the foundation for the City of Kingman's financial planning and control. All departments evaluate their programs and services classifying the values and priorities of the citizens of Kingman. The City Manager reviews department requests and may recommend changes to department priorities and/or projects. The City Manager then presents a proposed, balanced budget to City Council for review. The proposed budget is presented in April or May of each year. The proposed budget with any additions or deletions then becomes the tentative budget which is presented for adoption before fiscal year-end. The tentative budget for all funds is then presented to the City Council for final adoption. The budget is prepared by fund and by department (e.g. police, fire, court, etc.). Department heads may transfer resources within a department as necessary to provide essential services in the most cost-effective way as long as the appropriation transfer is within the total amount of available departmental resources, with the exception of personnel and capital expenditure transfers which require approval of the City Manager. Transfers between departments also require approval of the City Manager, and transfers between funds require special approval from the City Council.

Arizona state law requires only two budgetary funds be established, however, additional budgetary funds may be created. The first fund required by state statute is the general fund which stipulates that each city or town prepare a full and complete statement of the financial matters of the political subdivision for the preceding fiscal year and an estimate of the amounts which will be required to meet the public expense for the next fiscal year. The second fund that each city and town in Arizona must establish is the Highway User Revenue Fund (HURF). The monies included in this fund are collected by the state from the tax on the sale of gasoline, sale of diesel fuels and other transportation related fees. The state then shares a certain amount of this revenue with cities and towns. The expenditure of highway user revenues is limited to projects within the public right-of-way.

As indicated in the previous paragraph, a total of two funds are required as a minimum in a city or town budget in the state of Arizona; however a state law requires a budget be shown for all governmental funds established. Therefore, the City of Kingman prepared budget to actual schedules for all governmental funds.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Kingman operates.

Local Economy. In the early years, Kingman's economy was based upon the mining of gold, silver, copper, and later molybdenum. More recently, Kingman has become a regional trade, service and distribution center for northwestern Arizona. Its strategic location relative to Los Angeles, Las Vegas, Phoenix, Laughlin, and the Grand Canyon has made tourism, manufacturing and distribution leading industries.

Kingman enjoys a favorable economic environment and has experienced considerable growth during the last 20 years. The City's population increased 198% since 1980. The Arizona Department of Administration estimates Kingman's current population at 28,620. The City supports a market area trade population of some 50,000 persons. The unemployment rate, as of June 2015, was 8.0 percent. This is above the state's rate of 6.0 percent and equal to the county's rate of 8.0 percent.

Long-Term Financial Planning. The City of Kingman is dedicated to enhancing the quality of life for its citizens and to provide municipal services in the most effective and efficient manner while exercising fiscal responsibility.

A Revenue and Fee Study updated in October 2008 provides a long-term financial plan to fund capital projects and ongoing operating expenses. The long-term plan includes changes to rates and fees over time and incremental changes in sales tax rates to fund needs. Many of these provisions have already been adopted by the City Council including a recent designation for two percent of room tax dollars to fund capital projects and a recent designation of bar and restaurant tax revenues to fund street maintenance items. Provisions of the plan enable current and future residents an affordable way to fund capital improvements and maintain essential City services.

The City has completed several major capital projects this year and has plans for additional projects. Infrastructure improvements including curbs, subsurface drainage, and water and sewer utilities were constructed this fiscal year. The City has upgraded and expanded the Hilltop and Downtown Wastewater Treatment Plants with funding secured through the Water Infrastructure Authority of Arizona. These two projects should provide Kingman area residents with upgraded wastewater facilities and sufficient capacity for the next 15+ years. The mobile data terminal system for communications between police and fire vehicles and the dispatch center were purchased and installed, and the Quiet Zone project which made at-grade railroad crossings safer for motorists and eliminated the need for trains to sound their horns as they passed the crossings downtown was completed. Other capital projects in progress include water expansion in the east bench area, sewer extensions and street improvements.

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the tenth consecutive year that the city has received this prestigious award. In order to be awarded this certificate, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

The certificate is valid for a period of one year only. Due to a delay in the fiscal year ending June 30, 2015 audit issuance, we did not meet the program's requirements to receive the GFOA certificate for fiscal year ending June 30, 2015.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and members of the City Council for their interest and support for maintaining the highest standards of professionalism in the management of the City of Kingman's finances.

Respectfully submitted,

John Dougherty
City Manager

Tina D. Moline
Financial Services Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Kingman

Arizona

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

2014

City of Kingman

City Council Members

Mayor, Richard Anderson
Vice Mayor, Mark Wimpee
Mark Abram
Larry Carver
Jen Miles
Stuart Yocum
Carole Young

City Manager

John Dougherty

City Attorney

Carl Cooper

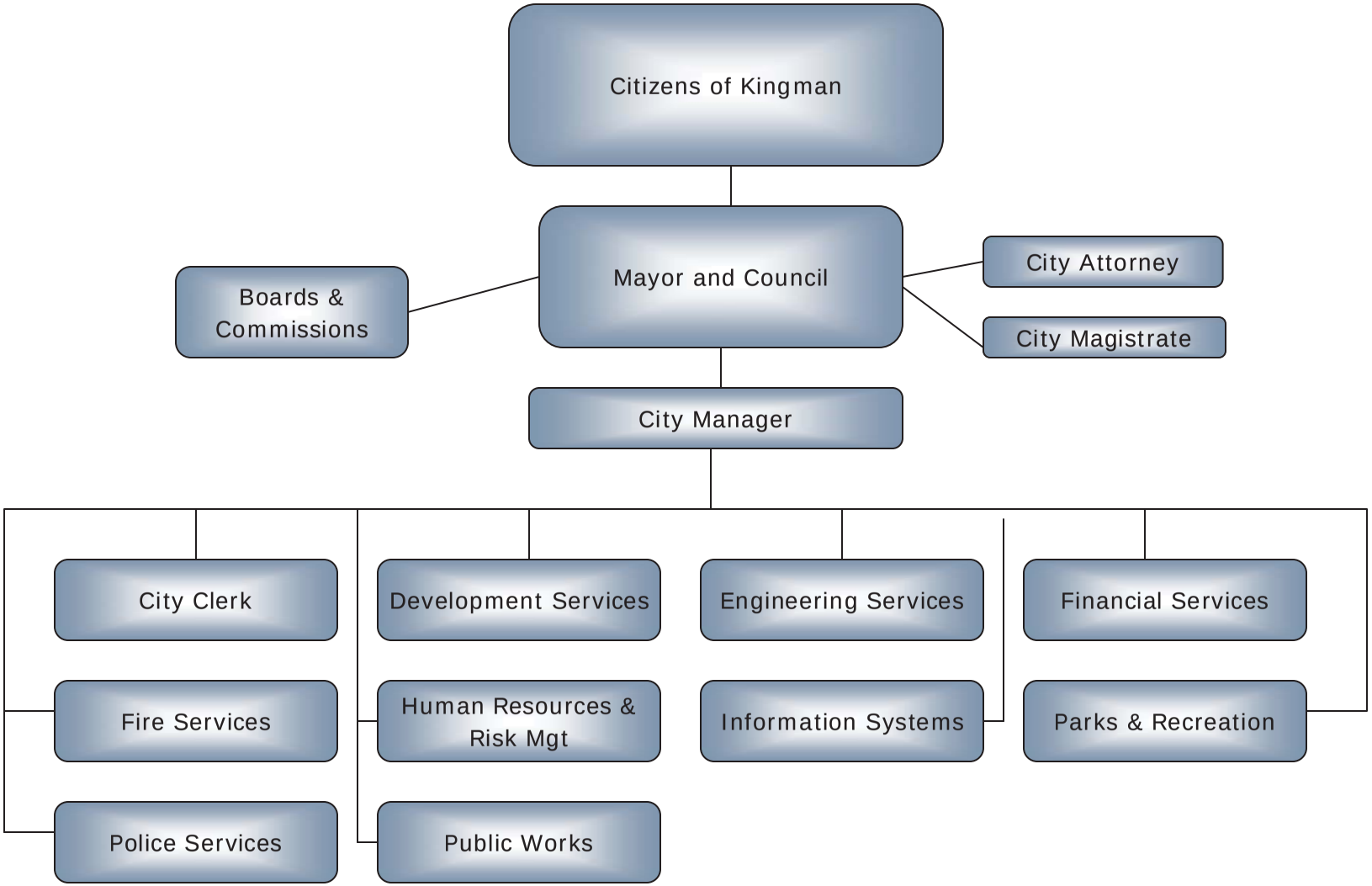
Magistrate

Kathy McCoy

Departments

City Clerk	Sydney Muhle
Development Services	Gary Jeppson
Engineering Services	Greg Henry
Financial Services	Tina D. Moline
Fire Services	Jake Rhoades
Human Resources & Risk Mgt.	Jackie Walker
Information Technology	Joe Clos
Parks & Recreation	Mike Meersman
Police Services	Robert DeVries
Public Works	Rob Owen

City of Kingman
Organization Chart



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FINANCIAL SECTION

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HINTONBURDICK
CPAS & ADVISORS

MEMBERS:
CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA
MORRIS J PEACOCK, CPA
PHILLIP S. PEINE, CPA
STEVEN D PALMER, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA
MICHAEL J. TORGERSON, CPA

Independent Auditors' Report

The Honorable Mayor and
Members of City Council
City of Kingman, Arizona

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingman, Arizona, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Mangement is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implemenation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material mistatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

CEDAR CITY · FLAGSTAFF · HURRICANE · MESQUITE · PHOENIX · RICHFIELD · ST. GEORGE

www.hintonburdick.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingman, Arizona, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in note 12 to the financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kingman, Arizona's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and the statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combing and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the combing and individual fund financial statements and schedules information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2016, on our consideration of the City of Kingman, Arizona's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Kingman, Arizona's internal control over financial reporting and compliance.

HintonBurdick, PLLC

HintonBurdick, PLLC
Flagstaff, Arizona
June 14, 2016

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As management of the City of Kingman, Arizona (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The City's total net position of governmental activities decreased by $23.1 million to $44.1 million and business-type activities increased by $46,538 to $71.6 million representing 38.1% and 61.9%, respectively, of the City's total net position of $115.7 million. The City's unrestricted net position was negatively impacted by the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68). GASB 68 required the City to record its proportional share of unfunded pension liabilities. For more information on GASB 68, refer to Note 10.

- General revenues from governmental activities accounted for $24.8 million in revenue, or 75.2 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for $8.1million or 24.8 percent of total governmental activities revenues. The City had $20.5 million of program revenues and $42,895 in general revenues related to business-type activities.

- The City had $31.2 million in expenses related to governmental activities; of which $8.1 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of $24.8 million provided for the majority of the remaining costs of these programs. The City had $14.5 million in expenses related to business-type activities. Charges for services of $20.5 million were adequate to offset the costs.

- Among major governmental funds, the General Fund had $25.5 million in current fiscal year revenues, which primarily consisted of taxes, charges for services and intergovernmental revenues. The total expenditures of the General Fund were $23.2 million. The General Fund's fund balance increased $3.5 million to $13.1 million. Primary factors leading to this increase include an increase in TPT collections and other revenues and a reduction in outgoing transfers.

- Net position of the Internal Service Funds decreased $2.2 million from the prior fiscal year. This decrease is related to the net pension liability the City was required to record with the implementation of GASB 68.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government- wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

In the government-wide financial statements, the City's activities are presented in the following categories:

- **Governmental activities** - Most of the City's basic services are included here, such as general government, public safety, highways and streets, culture and recreation, and economic development. Sales taxes, intergovernmental, and charges for services revenue finance most of these activities.

- **Business-type activities** - The services provided by the City included here are water, wastewater, and sanitation services. The services are financed through user fees and charges.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary 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 use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Special Assessment Districts Funds, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

Proprietary funds. The City 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. The City uses a separate enterprise fund to account for its water, wastewater, and sanitation services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its 911 dispatch services, fleet services, insurance services, building maintenance services, information technology services, and employee benefit services.

Because the internal service funds predominantly benefit governmental rather than business- type functions, they have been included within governmental activities in the government- wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water fund, wastewater fund, and sanitation fund, which are considered to be major funds of the City. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process. The City adopts an annual budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances - budget and actual has been provided for the General Fund and all Special Revenue Funds as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $44.1 million at the end of the current fiscal year.

A portion of the City's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, vehicles, machinery and equipment and construction in progress), less any related outstanding debt used to acquire those assets.

The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City'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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following table presents a summary of the City's net position for the fiscal years ended June 30, 2015 and 2014.

	Governmental Activities		Business-type Activities		Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Current and other assets	$ 34,693,233	$ 33,382,960	$ 40,608,559	$ 36,102,889	$ 75,301,792	$ 69,485,849
Capital assets	51,466,413	52,177,229	77,745,980	78,913,040	129,212,393	131,090,269
Total assets	86,159,646	85,560,189	118,354,539	115,015,929	204,514,186	200,576,118
Deferred outflows of resources	6,148,033	-	615,870	-	6,763,903	-
Long-term liabilities outstanding	42,633,706	13,794,243	44,837,225	42,004,225	87,470,931	55,798,468
Other liabilities	2,191,999	4,512,707	1,477,422	1,453,098	3,669,421	5,965,805
Total liabilities	44,825,705	18,306,950	46,314,646	43,457,323	91,140,351	61,764,273
Deferred inflows of resources	3,358,698	-	1,050,619	-	4,409,317	-
Net position:						
Net investment in capital assets	44,485,295	43,663,259	38,415,731	37,225,869	82,901,026	80,889,128
Restricted	10,955,858	11,525,848	4,358,367	3,405,895	15,314,225	14,931,743
Unrestricted	(11,317,876)	12,064,132	28,831,046	30,926,842	17,513,170	42,990,974
Total net position	$ 44,123,276	$ 67,253,239	$ 71,605,144	$ 71,558,606	$115,728,420	$138,811,845

The City's financial position is the product of several financial transactions including the net results of activities, the payment of debt, the acquisition and depreciation of capital assets, and the implementation of GASB 68.

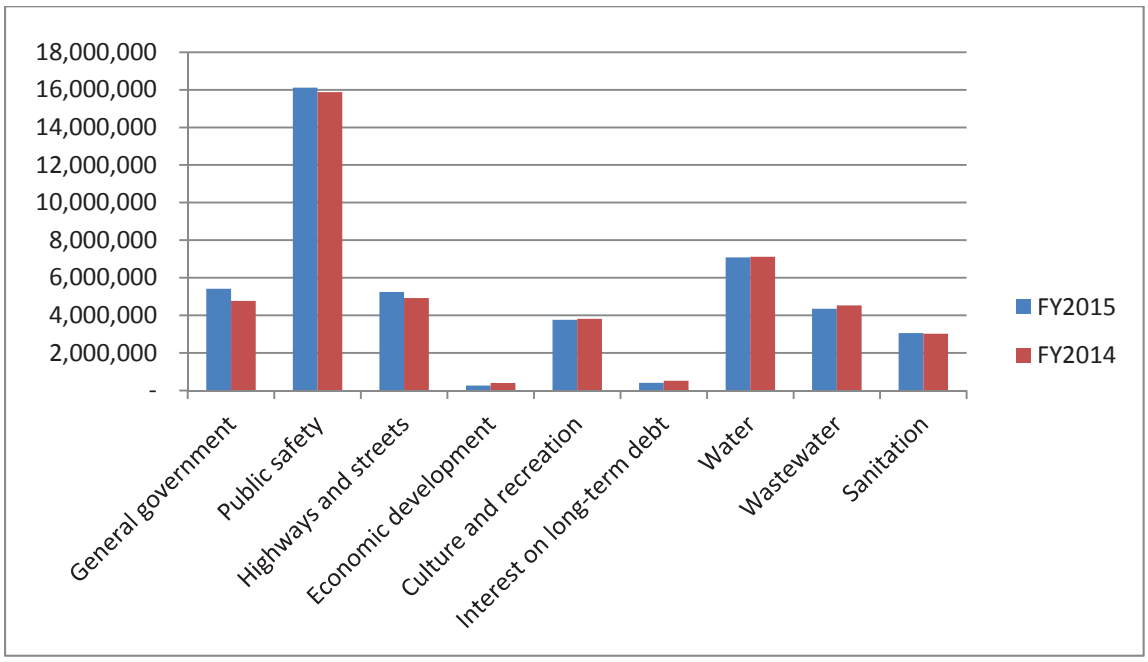
Changes in net position. The City's total revenues for the current fiscal year were $53.4 million. The total cost of all programs and services was $45.7 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2015 and 2014.

	Governmental Activities		Business-type Activities		Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Revenues						
Program revenues						
Charges for Services	2,617,270	$ 2,718,666	$ 20,461,239	$ 20,471,878	$ 23,078,509	$ 23,190,544
Operating grants and contributions	4,428,977	2,175,015	-	-	4,428,977	2,175,015
Capital grants and contributions	1,086,946	1,503,739	-	155,194	1,086,946	1,658,933
General revenues						
Taxes	20,798,683	22,219,048	-	-	20,798,683	22,219,048
Urban revenue sharing	3,397,805	3,128,535	-	-	3,397,805	3,128,535
Other revenue/(expense)	562,681	147,441	42,895	976,917	605,576	1,124,358
Total revenues	$ 32,892,362	$ 31,892,444	$ 20,504,134	$ 21,603,989	$ 53,396,496	$ 53,496,433

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

	Governmental Activities		Business-type Activities		Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Expenses						
General government	5,416,624	4,771,156	-	-	5,416,624	4,771,156
Public safety	16,116,770	15,875,548	-	-	16,116,770	15,875,548
Highways and streets	5,245,982	4,921,026	-	-	5,245,982	4,921,026
Economic development	262,965	398,757	-	-	262,965	398,757
Culture and recreation	3,764,336	3,815,251	-	-	3,764,336	3,815,251
Interest on long-term debt	415,010	521,663	-	-	415,010	521,663
Water	-	-	7,084,595	7,116,700	7,084,595	7,116,700
Wastewater	-	-	4,355,062	4,531,419	4,355,062	4,531,419
Sanitation	-	-	3,059,890	3,020,247	3,059,890	3,020,247
Total expenses	31,221,687	30,303,401	14,499,547	14,668,366	45,721,234	44,971,767
Increase (decrease) in net position before transfers	1,670,675	1,589,043	6,004,587	6,935,623	7,675,262	8,524,666
Transfers	831,774	705,054	(831,774)	(705,054)	-	-
Increase (decrease) in net position	2,502,450	2,294,097	5,172,813	6,230,569	7,675,263	8,524,666
Net position, beginning	67,253,240	64,959,142	71,558,606	65,328,037	138,811,846	130,287,179
Restatement adjustment	(25,632,414)	-	(5,126,276)	-	(30,758,690)	-
Net position, ending	$ 44,123,276	$ 67,253,239	$ 71,605,144	$ 71,558,606	$115,728,420	$138,811,845

Expenses



The table on the following page presents the cost of the nine major City functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

	Year Ended June 30, 2015		Year Ended June 30, 2014	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
Governmental Activities				
General Government	$ 5,416,624	$ (5,025,868)	$ 4,771,156	$ (4,582,366)
Public Safety	16,116,770	(14,526,796)	15,875,548	(13,770,996)
Public works/Streets	5,245,982	(1,057,447)	4,921,026	(2,899,282)
Economic Development	262,965	407,832	398,757	439,962
Culture and recreation	3,764,336	(2,471,204)	3,815,251	(2,571,636)
Interest on long-term debt	415,010	(415,010)	521,663	(521,663)
Total expenses	31,221,687	(23,088,493)	30,303,401	(23,905,981)
Business-Type Activities				
Water	7,084,595	1,211,361	7,116,700	1,061,478
Wastewater	4,335,062	4,398,748	4,531,419	4,560,366
Sanitation	3,059,890	351,583	3,020,247	336,862
Total expenses	14,479,547	5,961,692	14,668,366	5,958,706
Total	$ 45,701,234	$ (17,126,801)	$ 44,971,767	$ (17,947,275)

- The cost of all governmental activities this year was $31.2 million. The cost of all business-type activities this year was $14.5 million.

- Federal, state, and county governments and charges for services subsidized certain governmental and business-type programs with grants and contributions and other local revenues of $28.6 million.

- The net cost of governmental activities of $23.1 million, was financed by general revenues, which are made up of primarily sales taxes of $16.1 million and state shared revenues of $7.4 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Overall. For the fiscal year ending June 30, 2015, GASB Statement No. 68 was implemented. As a part of that implementation, the City restated fiscal year 2014-15 beginning net position for both governmental and business-type activities. The implementation provides the comparability of reported pension information between service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions.

Because of the implementation of GASB 68, both governmental activities and business-type activities net positions were negatively impacted by $25.6 million and $5.1 million, respectively.

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

FINANCIAL ANALYSIS OF THE CITY'S FUND (Cont'd)

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of $24.1 million, an increase of $5.5 million. The General Fund comprises 54 percent of the total fund balance. Approximately $11.1 million or 85 percent of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the City. The increase in fund balance in the General Fund for the fiscal year was $3.6 million, which was the result of an increase in tax and other revenues and a decrease in transfers.

The Special Assessment Districts fund balance decrease of $29,512 to $2.7 million was the result of the amount of debt retired exceeding the amount collected during the current period.

Proprietary funds. Net position of the Enterprise Funds and the Internal Service Funds at the end of the year amounted to $71.6 million and $3.3 million, respectively. The net position in the Enterprise Funds was unchanged compared to fiscal year 2014. This was due to the GASB 68 implementation which decreased the beginning net position in the Enterprise Funds by $5.1 million. The decrease in net position of $2.2 million in the Internal Service Funds was due to the GASB 68 implementation and the required beginning net position restatement adjustment.

BUDGETARY HIGHLIGHTS

The City did not revise the annual operating budget during the year.

A schedule showing the budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The favorable variance of $1,158,775 was a result of vacancy savings realized during the recruitment period of unfilled positions. This variance would have been more favorable, but there was an unexpected fraud loss recorded as a non-departmental expense that was not budgeted.

- The unfavorable variance of $450,933 in public safety was a result of a reclassification of the 911 Dispatch Center interfund transfers being directly recorded to the police and fire department internal service fund expenditures.

- The favorable variance of $318,707 in culture and recreation was a result of vacancy savings realized during the recruitment period unfilled positions and keeping utility, energy and management costs below budget values.

- The favorable variance of $832,737 in economic development was a result of budgeting for construction and remodeling costs of building improvements at the Powerhouse Visitor Center that were deferred to a future year pending various grant and historic building approval processes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of the end of the current fiscal year, the City had a net investment in capital assets of $129.2 million, which included buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was $5.2 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Cont'd)

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2015 and June 30, 2014.

	Governmental Activities		Business-type Activities		Total	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Land	$ 10,577,341	$ 10,484,512	$ 2,337,881	$ 2,292,881	$ 12,915,222	$ 12,777,393
Infrastructure	66,718,189	65,685,639	100,870,408	100,870,408	167,588,597	166,556,047
Buildings	8,207,676	8,187,576	12,586,111	12,586,111	20,793,787	20,773,687
Improvements other than buildings	6,669,957	6,614,439	593,978	593,978	7,263,935	7,208,417
Vehicles, machinery and equipment	17,462,316	15,945,082	10,104,993	9,814,173	27,567,309	25,759,255
Construction in progress	465,820	1,381,906	1,216,160	-	1,681,980	1,381,906
Accumulated depreciation	(58,634,887)	(56,121,925)	(49,963,552)	(47,244,511)	(108,598,439)	(103,366,436)
Total	$ 51,466,412	$ 52,177,229	$ 77,745,979	$ 78,913,040	$ 129,212,391	$ 131,090,269

For additional information on the City's capital assets, refer to Note 6.

Debt Administration. At year-end, the City had $6.2 million in governmental long-term debt outstanding with $1.7 million due within one year. The City had $39.3 million in business-type long-term debt outstanding, $2.4 million due within one year.

The following table presents a summary of the City's outstanding long-term debt for the fiscal years ended June 30, 2015 and June 30, 2014.

	Governmental Activities		Business-type Activities	
	6/30/2015	6/30/2014	6/30/2015	6/30/2014
Excise tax bonds payable	$ 1,190,000	$ 2,220,000	$ -	$ -
Special assessment bonds payable	4,580,189	5,868,850	-	-
Obligations under capital leases	413,478	425,120	491,499	637,680
Loan payable	-	-	38,838,745	41,049,491
Total	$ 6,183,667	$ 8,513,970	$ 39,330,244	$ 41,687,171

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space preserves parks, playgrounds and recreational facilities. The current debt limitation for the City is $35.6 million. The City has no outstanding general obligation debt for these purposes. State statutes also currently limit the amount of general obligation debt a City may issue to 6 percent of its total assessed valuation for all other purposes. The current debt limitation for the City is $10.7 million, which is more than the outstanding debt.

For additional information on the City's debt, refer to Notes 7 – 11.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many factors were considered by the City's officials during the process of developing the fiscal year 2015-16 budget. The primary factor was concern of the ½% TPT increased rate and its associated sunset date of June 30, 2016. Also considered in the development of the budget was the local economy and addressing compensation amongst the City staff.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Financial Services Department, City of Kingman, 310 North Fourth Street, Kingman, Arizona 86401.

BASIC FINANCIAL STATEMENTS

CITY OF KINGMAN, ARIZONA
Statement of Net Position
For the Year Ended June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 27,425,447	$ 34,468,667	$ 61,894,114
Receivables (net of allowance)	6,998,312	1,875,549	8,873,861
Prepaid items/Inventory	58,496	199,849	258,345
Temporarily restricted assets:			
Cash and cash equivalents	210,978	4,064,494	4,275,472
Capital assets (net of accumulated depreciation):			
Land	10,577,341	2,337,881	12,915,222
Construction in progress	465,820	1,216,160	1,681,980
Buildings	3,868,201	8,109,601	11,977,802
Improvements	2,042,065	-	2,042,065
System improvements	-	64,108,390	64,108,390
Machinery and equipment	3,782,518	1,973,949	5,756,467
Infrastructure/Roads	30,730,469	-	30,730,469
Total assets	86,159,646	118,354,539	204,514,186
Deferred Outflows of Resources			
Deferred outflows related to pensions	6,148,033	615,870	6,763,903
Total deferred ouflows	6,148,033	615,870	6,763,903
Liabilities			
Accounts payable and other current liabilities	2,002,280	1,477,422	3,479,701
Unearned revenues	189,719	-	189,719
Noncurrent liabilities:			
Due within one year	2,856,690	2,870,132	5,726,822
Due in more than one year	39,777,016	41,967,093	81,744,109
Total liabilities	44,825,705	46,314,646	91,140,351
Deferred Inflows of Resources			
Deferred inflows related to pensions	3,358,698	1,050,619	4,409,317
Net Position			
Net investment in capital assets	44,485,295	38,415,731	82,901,026
Restricted for:			
Highways and streets	1,956,110	-	1,956,110
Debt service	2,834,948	3,649,315	6,484,263
Capital projects and other	6,164,800	709,052	6,873,851
Unrestricted	(11,317,876)	28,831,046	17,513,170
Total net position	$ 44,123,276	$ 71,605,144	$ 115,728,420

The accompanying notes are an integral part of the financial statements.

CITY OF KINGMAN, ARIZONA
Statement of Activities
For the Year Ended June 30, 2015

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants & Contributions**	**Capital Grants & Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Governmental activities:							
General government	$ 5,416,624	$ 155,857	$ 127,345	$ 107,554	$ (5,025,868)	$ -	$ (5,025,868)
Public safety	16,116,770	339,995	934,325	315,655	(14,526,796)	-	(14,526,796)
Public works/Streets	5,245,982	212,611	3,334,586	641,338	(1,057,447)	-	(1,057,447)
Economic development	262,965	638,075	32,722	-	407,832	-	407,832
Culture and recreation	3,764,336	1,270,732	-	22,400	(2,471,204)	-	(2,471,204)
Interest on long-term debt	415,010	-	-	-	(415,010)	-	(415,010)
Total governmental activities	31,221,687	2,617,270	4,428,977	1,086,946	(23,088,493)	-	(23,088,493)
Business-type activities:							
Water	7,084,595	8,295,956	-	-	-	1,211,361	1,211,361
Wastewater	4,355,062	8,753,810	-	-	-	4,398,748	4,398,748
Refuse	3,059,890	3,411,473	-	-	-	351,583	351,583
Total business-type activities	14,499,547	20,461,239	-	-	-	5,961,692	5,961,692
Total primary government	$ 45,721,233	$ 23,078,509	$ 4,428,977	$ 1,086,946			
General Revenues:							
Taxes:							
City sales tax					16,103,275	-	16,103,275
Franchise tax					705,659	-	705,659
Property tax					-	-	-
Auto lieu tax (unrestricted)					1,424,650	-	1,424,650
State sales tax (unrestricted)					2,565,099	-	2,565,099
Urban revenue sharing (unrestricted)					3,397,805	-	3,397,805
Unrestricted investment earnings					33,547	42,895	76,442
Other					529,134	-	529,134
Transfers					831,774	(831,774)	0
Total general revenues & transfers					25,590,943	(788,879)	24,802,064
Change in net position					2,502,450	5,172,813	7,675,263
Net position - beginning					67,253,240	71,558,606	138,811,847
Restatement adjustment					(25,632,414)	(5,126,276)	(30,758,690)
Net position - ending					$ 44,123,276	$ 71,605,144	$ 115,728,420

The accompanying notes are an integral part of the financial statements.

CITY OF KINGMAN, ARIZONA
Balance Sheet
Governmental Funds
June 30, 2015

	General	Debt Service Special Assessment Districts	Non-major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 12,280,523	$ 2,025,061	$ 7,861,036	$ 22,166,621
Receivables:				
Taxes	1,202,843	-	-	1,202,843
Other	556,774	-	-	556,774
Assessments	-	4,028,391	-	4,028,391
Intergovernmental	-	-	1,210,305	1,210,305
Inventories	41,008	-	-	41,008
Prepaid items	17,488	-	-	17,488
Restricted cash and investments	39,539	-	171,438	210,978
Total assets	$ 14,138,175	$ 6,053,452	$ 9,242,779	$ 29,434,406
LIABILITIES				
Accounts payable	$ 288,394	$ -	$ 626,139	$ 914,533
Accrued wages and benefits	587,725	-	54,555	642,279
Accrued liabilities	63,138	1,650	-	64,788
Deposits held	39,539	-	171,438	210,978
Unearned revenue	27,199	-	162,476	189,675
Total liabilities	1,005,995	1,650	1,014,608	2,022,253
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-special assessments	-	3,324,116	-	3,324,116
Total deferred inflows of resources	-	3,324,116	-	3,324,116
FUND BALANCES				
Nonspendable:				
Inventories and prepaid items	58,496	-	-	58,496
Restricted:				
Public works/streets	-	-	1,956,110	1,956,110
Capital outlay	-	-	5,493,865	5,493,865
Debt service	-	2,727,687	107,262	2,834,948
Other purposes	-	-	532,366	532,366
Committed:				
Public transportation	-	-	138,569	138,569
Other purposes	1,877,215	-	-	1,877,215
Assigned:				
Debt service	69,279	-	-	69,279
Unassigned	11,127,190	-	-	11,127,190
Total fund balances	13,132,180	2,727,687	8,228,171	24,088,038
Total liabilities, deferred inflows of resources, and fund balances	$ 14,138,175	$ 6,053,452	$ 9,242,779	$ 29,434,406

The accompanying notes are an integral part of the financial statements.

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CITY OF KINGMAN, ARIZONA
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
June 30, 2015

Total governmental fund balances		$ 24,088,038
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	$ 107,925,183	
Less accumulated depreciation	(57,420,054)	
		50,505,129
Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	$ (1,190,000)	
Special assessment bonds	(4,580,189)	
Leases payable	(249,645)	
Net pension liability	(28,658,156)	
Other post employment benefits	(4,066,791)	
Compensated absences	(1,304,999)	
		(40,049,780)
Assessment revenues are deferred in the governmental fund financial statements but recognized when earned in the statement of activities		3,324,116
Internal service funds are used by management to charge costs of certain activities to individual funds. This amount represents the assets and liabilities of the internal service funds reported as governmental activities		3,272,293
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows	$ 5,873,004	
Deferred inflows	(2,889,523)	
		2,983,481
Total net position of governmental activities		$ 44,123,276

The accompanying notes are an integral part of the financial statements.

CITY OF KINGMAN, ARIZONA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

		Debt Service		
REVENUES	General	Special Assessment Districts	Non-major Funds	Total Governmental Funds
Taxes	$ 17,079,000	$ -	$ 1,154,584	$ 18,233,584
Licenses, permits and fees	741,706	-	-	741,706
Intergovernmental revenue	5,962,904	-	5,112,895	11,075,799
Charges for services	1,352,887	-	212,682	1,565,569
Fines and forfeitures	257,840	-	-	257,840
Interest	17,290	2,251	8,899	28,439
Special assessments	-	1,593,143	-	1,593,143
Other revenues	104,093	-	32,946	137,039
Total revenues	25,515,720	1,595,394	6,522,006	33,633,119
EXPENDITURES				
Current:				
General government	4,742,900	-	47,117	4,790,018
Public safety	13,997,855	-	780,447	14,778,302
Public works/streets	-	-	3,503,362	3,503,362
Economic development	264,772	-	-	264,772
Culture and recreation	3,588,923	-	-	3,588,923
Capital outlay	546,225	-	1,713,999	2,260,223
Debt service				
Principal	41,047	1,288,661	258,726	1,588,434
Interest and fiscal charges	3,382	327,805	71,443	402,630
Total expenditures	23,185,104	1,616,466	6,375,093	31,176,664
Excess (deficiency) of revenues over (under) expenditures	2,330,615	(21,072)	146,912	2,456,455
OTHER FINANCING SOURCES (USES)				
Insurance recovery	500,000	-	-	500,000
Transfers out	(603,367)	(33,440)	(646,916)	(1,283,723)
Transfers in	1,310,117	25,000	785,380	2,120,497
Total other financing sources (uses)	1,206,750	(8,440)	138,464	1,336,774
Net change in fund balances	3,537,365	(29,512)	285,377	3,793,229
Fund balances (deficits), beginning of year	9,594,815	2,757,199	6,272,568	18,624,582
Restatement adjustment	-	-	1,670,226	1,670,226
Fund balances, end of year	$ 13,132,180	$ 2,727,687	$ 8,228,171	$ 24,088,038

The accompanying notes are an integral part of the financial statements.

CITY OF KINGMAN, ARIZONA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 3,793,229
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay	$ 1,926,583	
Depreciation expense	(2,647,817)	
		(721,234)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the amount of current year payments on assessments.		(1,245,867)
Repayment of long-term debt (e.g., bonds, leases) principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,588,434
Excise tax bond principal retirement	210,000	
Special assessment bond principal retirement	1,288,661	
Capital lease principal retirement	89,773	
Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured a year before the City's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
Pension contributions	$ (1,270,388)	
Pension expense	118,865	
		(1,151,523)
Compensated absences and OPEB expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(91,517)
Compensated absences	183,784	
OPEB	(275,302)	
The net revenues of certain activities of the internal service fund is reported with governmental activities.		330,928
Change in net position of governmental activities		$ 2,502,450

The accompanying notes are an integral part of the financial statements.

CITY OF KINGMAN, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes:				
City sales tax	$ 14,050,000	$ 14,050,000	$ 14,948,691	$ 898,691
Auto lieu tax	1,300,000	1,300,000	1,424,650	124,650
Franchise taxes	710,000	710,000	705,659	(4,341)
Total taxes	16,060,000	16,060,000	17,079,000	1,019,000
Licenses and permits	592,600	592,600	741,706	149,106
Intergovernmental revenues:				
State sales tax	2,415,000	2,415,000	2,565,099	150,099
Urban revenue sharing	3,275,000	3,275,000	3,397,805	122,805
Total intergovernmental	5,690,000	5,690,000	5,962,904	272,904
Charges for services	1,338,700	1,338,700	1,352,887	14,187
Fines and forfeitures	260,000	260,000	257,840	(2,160)
Interest earnings	53,300	53,300	17,290	(36,010)
Other revenues:				
Rent income	44,600	44,600	52,224	7,624
Miscellaneous revenues	296,500	296,500	51,869	(244,631)
Total other revenues	341,100	341,100	104,093	(260,991)
Total revenues	24,335,700	24,335,700	25,515,720	1,180,020
EXPENDITURES				
Current:				
General government:				
Mayor and council	164,704	164,704	131,291	33,413
Finance	871,223	871,223	835,375	35,848
City clerk	325,126	325,126	313,765	11,361
City magistrate	1,390,444	1,390,444	1,281,446	108,998
City attorney	696,003	696,003	578,109	117,894
City manager	222,875	222,875	205,421	17,454
Planning and zoning	592,502	592,502	556,272	36,230
Risk management	133,831	133,831	99,721	34,110
Human resources	504,967	504,967	506,448	(1,481)
Contingency	1,000,000	1,000,000	-	1,000,000
Nondepartmental	-	-	235,053	(235,053)
Total general government	5,901,675	5,901,675	4,742,900	1,158,775

(Continued)

The accompanying notes are an integral part of the financial statements.

CITY OF KINGMAN, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual (Continued)
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Public safety:				
Police	7,444,973	7,444,973	8,161,644	(716,671)
Fire	5,582,242	5,582,242	5,329,628	252,614
Building inspections	519,707	519,707	506,583	13,124
Total public safety	13,546,922	13,546,922	13,997,855	(450,933)
Culture and recreation:				
Parks	1,651,496	1,651,496	1,566,501	84,995
Recreation	529,838	529,838	421,186	108,652
Municipal golf course	1,200,190	1,200,190	1,096,468	103,722
Swimming	384,906	384,906	366,592	18,314
Powerhouse	141,200	141,200	138,175	3,025
Total culture and recreation	3,907,630	3,907,630	3,588,923	318,707
Economic Development				
Economic development	25,000	25,000	12,532	12,468
Tourism development	1,072,510	1,072,510	252,241	820,269
Total culture and recreation	1,097,510	1,097,510	264,772	832,738
Capital Outlay	538,320	538,320	546,225	(7,905)
Debt Service				
Principal	42,618	42,618	41,047	1,571
Interest	3,382	3,382	3,382	-
Total Debt Service	46,000	46,000	44,429	1,571
Total expenditures	25,038,057	25,038,057	23,185,104	1,852,953
Excess of revenues over expenditures	(702,357)	(702,357)	2,330,615	3,032,972
OTHER FINANCING SOURCES (USES)				
Insurance recovery	-	-	500,000	(500,000)
Transfers out	(1,804,191)	(1,804,191)	(603,367)	1,200,824
Transfers in	1,460,186	1,460,186	1,310,117	(150,069)
Total other financing sources and (uses)	(344,005)	(344,005)	1,206,750	550,755
Net change in fund balance	(1,046,362)	(1,046,362)	3,537,365	4,583,727
Fund balance, beginning of year	9,594,815	9,594,815	9,594,815	-
Fund balance, end of year	$ 8,548,453	$ 8,548,453	$ 13,132,180	$ 4,583,727

The accompanying notes are an integral part of the financial statements.

CITY OF KINGMAN, ARIZONA
Statement of Revenues, Expenditures and Changes in Fund Balance
Special Assessment Districts
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest	$ 5,100	$ 5,100	$ 2,251	$ (2,849)
Special assessments	1,101,535	1,101,535	1,593,143	491,608
Total revenues	1,106,635	1,106,635	1,595,394	488,759
EXPENDITURES				
Debt service				
Principal	1,287,487	1,287,487	1,288,661	(1,174)
Interest and fiscal charges	327,805	327,805	327,805	-
Total expenditures	1,615,292	1,615,292	1,616,466	(1,174)
Excess (deficiency) of revenues over (under) expenditures	(508,657)	(508,657)	(21,072)	487,585
OTHER FINANCING SOURCES (USES)				
Transfers out	(33,440)	(33,440)	(33,440)	-
Transfers in	25,000	25,000	25,000	-
Total other financing sources (uses)	(8,440)	(8,440)	(8,440)	-
Net change in fund balance	(517,097)	(517,097)	(29,512)	487,585
Fund balance, beginning of year	2,757,199	2,757,199	2,757,199	-
Fund balance (deficit), end of year	$ 2,240,102	$ 2,240,102	$ 2,727,687	$ 487,585

The accompanying notes are an integral part of the financial statements.

CITY OF KINGMAN, ARIZONA
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Funds	
ASSETS	Water	Wastewater
Current Assets:		
Cash	$ 22,164,532	$ 10,721,204
Receivables (net of allowance)	840,184	746,945
Inventories	162,873	27,769
Prepaid items	9,208	-
Total current assets	23,176,797	11,495,918
Noncurrent Assets:		
Restricted cash and investments	415,179	3,649,315
Land and water rights	1,173,881	597,000
Construction in progress	1,026,445	189,715
Buildings	12,463,191	122,920
System improvements	37,292,084	64,172,303
Machinery and equipment	3,976,797	830,019
Accumulated depreciation	(33,008,396)	(12,483,477)
Total noncurrent assets	23,339,181	57,077,795
Total Assets	46,515,979	68,573,713
Deferred Outflows of Resources		
Deferred outflows related to pensions	397,306	89,183
LIABILITIES		
Current liabilities:		
Accounts payable	462,181	309,194
Accrued wages and benefits	96,007	17,060
Accrued liabilities	73,944	2,113
Compensated absences	173,687	30,818
Unearned revenue	-	-
Customer deposits	415,179	-
Notes payable - current portion	51,557	2,521,363
Total current liabilities	1,272,555	2,880,549
Noncurrent liabilities:		
Compensated absences	57,895	10,273
Net pension liability	3,341,335	750,032
Notes payable, net of current portion	112,278	36,481,216
Total noncurrent liabilities	3,511,508	37,241,521
Total liabilities	4,784,063	40,122,070
Deferred Inflows of Resources		
Deferred inflows related to pensions	677,767	152,139
NET POSITION		
Net investment in capital assets	22,760,167	14,425,901
Restricted for debt service	-	3,649,315
Restricted for capital outlay	709,052	-
Unrestricted	17,982,236	10,313,471
Total net position	$ 41,451,455	$ 28,388,687

The accompanying notes are an integral part of the financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Sanitation	Totals	Internal Service Funds
$ 1,582,931	$ 34,468,667	$ 5,258,826
288,419	1,875,549	-
-	190,641	-
-	9,208	-
1,871,350	36,544,065	5,258,826
-	4,064,494	-
567,000	2,337,881	567,000
-	1,216,160	-
-	12,586,111	576,100
-	101,464,388	88,720
5,298,177	10,104,993	1,139,296
(4,471,679)	(49,963,552)	(1,409,831)
1,393,498	81,810,475	961,285
3,264,848	118,354,540	6,220,111
129,381	615,870	275,029
71,539	842,914	101,856
30,206	143,273	67,845
-	76,057	-
41,130	245,635	80,327
-	-	44
-	415,179	-
51,577	2,624,497	51,557
194,452	4,347,555	301,629
13,710	81,878	26,776
1,088,095	5,179,462	2,312,989
112,258	36,705,752	112,278
1,214,063	41,967,093	2,452,043
1,408,515	46,314,647	2,753,672
220,713	1,050,619	469,175
1,229,663	38,415,731	797,450
-	3,649,315	-
-	709,052	-
535,338	28,831,046	2,474,843
$ 1,765,001	$ 71,605,144	$ 3,272,293

The accompanying notes are an integral part of the financial statements.

CITY OF KINGMAN, ARIZONA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds	
Operating Revenues	Water	Wastewater
Charges for services	$ 7,992,847	$ 8,736,834
Contributions	-	-
Other revenues	303,109	16,976
Total operating revenues	8,295,956	8,753,810
Operating Expenses		
Salaries, wages and benefits	2,839,855	630,737
Administration/legal/contract services	455,848	128,844
Supplies	875,911	214,766
Repairs and maintenance	450,338	294,855
Utilities	1,303,652	327,873
Rents	23,009	1,464
Bad debt expense	36,661	24,591
Depreciation	1,086,941	1,296,239
Total operating expenses	7,072,215	2,919,369
Operating income (loss)	1,223,741	5,834,441
Non-operating Revenues (Expenses)		
Interest income	25,272	15,914
Interest expense and fiscal charges	(12,380)	(1,435,692)
Total non-operating revenue (expense)	12,892	(1,419,778)
Income (loss) before contributions and transfers	1,236,633	4,414,663
Transfers out	(683,477)	(663,847)
Transfers in	840,482	-
Change in net position	1,393,638	3,750,816
Total net position, beginning of year	43,165,135	25,461,689
Restatement adjustment	(3,107,318)	(823,818)
Total net position, end of year	$ 41,451,455	$ 28,388,687

The accompanying notes are an integral part of the financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Sanitation	Totals	Internal Service Funds
$ 3,411,423	$ 20,141,104	$ 4,843,786
-	-	4,012,621
50	320,135	240,432
3,411,473	20,461,239	9,096,839
1,021,204	4,491,795	2,196,722
6,938	591,630	5,088,107
547,832	1,638,510	1,174,698
130,785	875,977	52,889
213,536	1,845,061	181,080
780,744	805,217	-
10,611	71,863	-
335,861	2,719,041	60,143
3,047,510	13,039,094	8,753,639
363,963	7,422,145	343,200
1,709	42,895	5,107
(12,380)	(1,460,452)	(12,380)
(10,671)	(1,417,557)	(7,273)
353,292	6,004,587	335,928
(324,932)	(1,672,256)	(92,000)
-	840,482	87,000
28,360	5,172,813	330,928
2,931,782	71,558,606	5,481,901
(1,195,140)	(5,126,276)	(2,540,536)
$ 1,765,001	$ 71,605,144	$ 3,272,293

The accompanying notes are an integral part of the financial statements.

CITY OF KINGMAN, ARIZONA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds	
	Water	Wastewater
Cash Flows From Operating Activities:		
Cash received from customers, service fees	$ 8,133,969	$ 8,796,363
Cash received from customers, other	303,109	16,976
Cash paid to suppliers	(2,888,857)	(689,267)
Cash paid to employees	(2,849,156)	(660,992)
Cash flows from operating activities	2,699,065	7,463,081
Cash Flows From Noncapital Financing Activities:		
Transfers	157,005	(663,847)
Cash flows from noncapital financing activities	157,005	(663,847)
Cash Flows From Capital and Related Financing Activities:		
Purchase of capital assets	(1,236,905)	(315,075)
Principal paid on long term debt	(48,723)	(2,259,479)
Interest paid	(12,382)	(1,435,684)
Cash flows from capital and related financing activities	(1,298,010)	(4,010,238)
Cash Flows From Investing Activities:		
Interest on investments	25,272	15,914
Net change in cash and cash equivalents	1,583,332	2,804,910
Cash and cash equivalents, including temporarily restricted cash, beginning of year	20,996,379	11,565,609
Cash and cash equivalents, including temporarily restricted cash, end of year	$ 22,579,711	$ 14,370,519
Reconciliation of operating income to net cash flows from operating activities:		
Net operating income (loss)	$ 1,223,741	$ 5,834,441
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation/amortization	1,086,941	1,296,239
Pension expense	184,934	42,305
Employer pension contributions	(233,185)	(53,135)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	141,122	59,529
(Increase) decrease in inventory	639	-
Increase (decrease) in payables	255,924	303,127
Increase (decrease) in accrued liabilities & deposits	38,949	(19,425)
Net cash flows from operating activities	$ 2,699,065	$ 7,463,081

The accompanying notes are an integral part of the financial statements.

Business-type Activities - Enterprise Funds		Governmental Activities
Sanitation	Totals	Internal Service Funds
$ 3,434,167	$ 20,364,499	$ 8,856,407
50	320,135	240,432
(1,680,236)	(5,258,360)	(6,474,083)
(1,028,188)	(4,538,336)	(2,225,976)
725,793	10,887,938	396,781
(324,932)	(831,774)	(5,000)
(324,932)	(831,774)	(5,000)
-	(1,551,980)	(70,560)
(48,725)	(2,356,927)	(48,724)
(12,381)	(1,460,447)	(12,377)
(61,106)	(5,369,354)	(131,661)
1,709	42,895	5,107
341,464	4,729,705	265,228
1,241,467	33,803,455	4,993,598
$ 1,582,931	$ 38,533,161	$ 5,258,826
$ 363,963	$ 7,422,145	$ 343,200
335,861	2,719,041	60,143
60,169	287,408	127,886
(75,882)	(362,202)	(161,287)
		-
22,744	223,395	-
-	639	-
10,209	569,259	22,691
8,729	28,253	4,148
$ 725,793	$ 10,887,938	$ 396,781

The accompanying notes are an integral part of the financial statements.

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Note 1. Summary of Significant Accounting Policies

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The City of Kingman (City) is a municipal entity governed by an elected Mayor and council. The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of the other state or local governments. Furthermore, the component unit combined with the City for financial statement presentation purposes and the City are not included in any other governmental reporting entity. Consequently, the City's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable.

Blended Component Unit – The Kingman Municipal Property Corporation (KMPC), board of directors consists of seven members, which are appointed by the Kingman City Council. The KMPC is a nonprofit corporation incorporated under the laws of the State of Arizona and was formed for the sole purpose of financing the acquisition and construction of various projects of the City. It has a June 30 year-end and is reported as a governmental fund. Separate financial statements for the component unit have not been prepared.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's proprietary funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Note 1. Summary of Significant Accounting Policies, Continued

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds, including its blended component units. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

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

The **Special Assessment Districts - Debt Service Fund** this fund accounts for the special assessments and debt service for the City's improvement districts.

The City reports the following major proprietary funds:

The **Water Fund** accounts for the activities of the City's water utility services

The **Wastewater Fund** accounts for the activities of the City's wastewater collection and treatment facilities and associated financing.

The **Sanitation Fund** accounts for the activities of the City's sanitation utility services.

Additionally, the City reports the following fund type:

The **Internal Service Funds** are established to account for financing of goods and services provided by one department or agency to other departments or agencies for the City on a cost reimbursement basis. The Internal Service Funds consist of a 911 Dispatch Center Fund, a Fleet Services Fund, an Insurance Services Fund, a Building Maintenance Services Fund, an Information Technology Fund and a Benefits Reserve Fund.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Note 1. Summary of Significant Accounting Policies, Continued

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

The governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary and internal service funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Cash and cash equivalents

The City's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition for purposes of this note and the statement of cash flows.

Note 1. Summary of Significant Accounting Policies, Continued

Investments

The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's investment pool, obligations of the U.S. Government and other investments as allowed by Arizona State Statutes. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices. The reported value of the state treasurer's pool is the same as the fair value of the pool shares.

Inventories and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventories of the business type activities consist principally of materials used in the repair of the distribution, collection and treatment systems and are valued at cost using the average cost method. The cost of such inventories is recorded as expense when consumed rather than when purchased.

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. The cost of prepaid items is recorded as expenditure/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets, except land, are defined by the City as assets with an individual cost of more than $5,000 and an estimated useful life in excess of one year. All land is capitalized, regardless of cost. Capitalized assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. Depreciation for other property, plant, equipment, and infrastructure is computed using the straight-line method over the following estimated useful lives:

Infrastructure	15 to 50 years
Buildings	45 years
Improvement other than buildings	20 years
Vehicles, machinery and equipment	5 to 15 years

Note 1. Summary of Significant Accounting Policies, Continued

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City had one item that qualified for reporting in this category. Pension related items reported on the government-wide, proprietary fund and internal services fund financial statements. See footnote 10 for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. The first item, which arises only under a modified accrual basis of accounting, is *unavailable revenue* and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from only one source, special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is pension related items reported on the government-wide, proprietary fund, and internal service fund financial statements. See footnote 10 for more information.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts, as well as the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method over the term of the related debt.

In the fund financial statements governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuing costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension plan's fiduciary net position of the Arizona State Retirement System (ASRS) and the Arizona Public Safety Personnel Retirement System (PSPRS), and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by ASRS and PSPRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1. Summary of Significant Accounting Policies, Continued

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The council has authorized the City Manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Note 1. Summary of Significant Accounting Policies, Continued

Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Compensated Absences

The City's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay at varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured for example, as a result of employee leave, resignations, and retirements. Generally, resources from the General Fund are used to pay for governmental activities compensated absences.

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund, wastewater fund, sanitation fund, and internal service funds are charges to customers for sales and services. The water and wastewater funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies, Continued

New pronouncements

For the year ended June 30, 2015, the City implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. In addition, Statement No. 68 requires disclosure of information related to pension benefits. Implementation of these new Statements resulted in a restatement of beginning net position in the City's government-wide and proprietary fund financial statements (see Note 10).

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 18.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 20.

Note 3. Stewardship, Compliance, and Accountability

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the City. The use of budgets and monitoring of equity status facilitate the City's compliance with legal requirements.

Note 3. Stewardship, Compliance, and Accountability, Continued

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.

2. Public hearings are conducted to obtain taxpayer comment.

3. Prior to the third Monday in August, the expenditure limitation for the City is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).

4. The City follows a voter-approved alternative expenditure limitation that was adopted on November 13, 2014.

5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and in total by fund for other funds. The City Council has adopted a budget transfer policy and all amendments must be done in accordance with this policy.

6. The City has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General, Special Revenue, Debt Service, Internal Service and Proprietary funds. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Citys and Cities. This law does not permit the City to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

Supplementary budgetary appropriations were made during the year ended June 30, 2015.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation for future years, is not employed by the City.

Note 3. Stewardship, Compliance, and Accountability, Continued

Expenditures over Appropriations

Expenditures may not legally exceed budgeted appropriations at the department level. The individual Statements of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual reports as listed in the table of contents present all of the departments which incurred an excess of expenditures/expenses over appropriations for the year ended June 30, 2015, if any.

Highway User Revenue Funds

Highway user revenue fund monies received by the City pursuant to title 28, chapter 18, article 2 of Arizona Revised Statutes and other dedicated state transportation revenues received during the current fiscal year have been used solely for authorized transportation purposes.

Note 4. Deposits and Investments

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Cash and cash equivalents	$ 17,391,996
Restricted cash and cash equivalents	4,275,471
Investments	44,502,119
Total	$ 66,169,586

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the City's deposit may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2015, the City's bank balance of $21,822,359 was fully insured or collateralized. Of the total bank balance, $11,822,359 was held in a checking account. Each night the funds in this account are transferred into an interest bearing account. The funds are then transferred back to the checking account each morning.

Investments

The Arizona State Treasurer's Office operates the Local Government Investment Pool (LGIP). The LGIP is available for investment of funds administered by any Arizona Public Treasurer.

The LGIP is not registered with the SEC as an investment company. Deposits in the LGIP are not insured or otherwise guaranteed by the State of Arizona, and participants share proportionally in any realized gain or losses on investments.

Note 4. Deposits and Investments, Continued

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of $100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated "P1" by Moody's investors or "A1" by Standard and Poor's rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions. For investments of less than $100,000, procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2015 the City had the following deposits and investments:

	Fair Value	Quality Rating (1)	Weighted Average Maturity (Days) (2)
Deposits:			
Cash on hand	$ 8,350	N/A	N/A
Cash in bank	21,659,117	N/A	N/A
Investments:			
Local Government Investment Pool 7	21,213,317	AAA	62
US Government Agency Bonds	23,288,803	AAA	969
Total cash and investments	$ 66,169,586		

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest Rate Risk is estimated using the weighted average days to maturity.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35- 323). A.R.S. 35-323 requires that the City's investment portfolio maturities do not exceed five years from the time of purchase.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a specific policy related to credit risk; however, the City's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323). A.R.S. 35-323 limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

Note 5. Restricted Assets

Cash and other assets as of June 30, 2015 were restricted to use as follows:

Governmental Activities:	
General Fund:	
Restricted for deposits	$ 39,539
Special Revenue Funds:	
Restricted for police cash seizures	171,438
Total Governmental Activities	$ 210,978
Business-Type Activities:	
Water Fund:	
Customer security deposits	$ 415,179
Wastewater Fund:	
Restricted for debt service WIFA	3,649,315
Total Business-Type Activities	$ 4,064,494

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Note 6. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year:

Governmental activities:	Balance 6/30/2014	Additions	Disposals	Balance 6/30/2015
Capital assets, not being depreciated				
Land	$ 10,484,512	$ 92,829	$ -	$ 10,577,341
Construction in process	1,381,906	700,364	1,616,450	465,820
Total capital assets not being depreciated	11,866,418	793,193	1,616,450	11,043,161
Capital assets, being depreciated				
Infrastructure	65,685,639	1,032,550	-	66,718,189
Buildings	8,187,576	20,100	-	8,207,676
Improvements other than buildings	6,614,439	55,518	-	6,669,957
Vehicles, machinery and equipment	15,945,082	1,712,234	(195,000)	17,462,316
Total capital assets being depreciated	96,432,736	2,820,402	(195,000)	99,058,138
Less: Accumulated depreciation				
Infrastructure	(34,439,129)	(1,548,591)	-	(35,987,720)
Buildings	(4,160,486)	(178,991)	-	(4,339,477)
Improvements other than buildings	(4,436,512)	(191,380)	-	(4,627,892)
Vehicles, machinery and equipment	(13,085,798)	(789,000)	195,000	(13,679,798)
Total accumulated depreciation	(56,121,925)	(2,707,962)	195,000	(58,634,887)
Total capital assets being depreciated, net	40,310,811	112,440	-	40,423,251
Governmental activities capital assets, net	$ 52,177,229	$ 905,633	$ 1,616,450	$ 51,466,412

Depreciation expense was charged to the function/programs of the City as follows:

Governmental activities:	
General government	$ 106,289
Public safety	566,624
Public works/Streets	1,799,474
Culture and recreation	235,575
Total depreciation expense-governmental activities	$ 2,707,962

Note 6. Capital Assets, Continued

The following table summarizes the changes to capital assets for business-type activities during the year.

Business-type activities:	Balance 6/30/2014	Additions	Disposals	Balance 6/30/2015
Capital assets, not being depreciated:				
Land	$ 2,292,881	$ 45,000	$ -	$ 2,337,881
Construction in process	-	1,216,160	-	1,216,160
Total capital assets not being depreciated	2,292,881	1,261,160	-	3,554,041
Capital assets, being depreciated:				
Infrastructure	100,870,408	-	-	100,870,408
Buildings	12,586,111	-	-	12,586,111
Improvements other than buildings	593,978	-	-	593,978
Vehicles, machinery and equipment	9,814,173	290,820	-	10,104,993
Total capital assets being depreciated	123,864,670	290,820	-	124,155,490
Less accumulated depreciation for:				
Infrastructure	(34,875,358)	(1,990,874)	-	(36,866,232)
Buildings	(4,214,421)	(262,089)	-	(4,476,510)
Improvements other than buildings	(478,191)	(11,576)	-	(489,767)
Vehicles, machinery and equipment	(7,676,541)	(454,502)	-	(8,131,043)
Total accumulated depreciation	(47,244,511)	(2,719,041)	-	(49,963,552)
Total capital assets being depreciated, net	76,620,159	(2,428,221)	-	74,191,938
Business-type activities capital assets, net	$ 78,913,040	$ (1,167,061)	$ -	$ 77,745,979

Depreciation expense was charged to functions/programs of the City as follows:

Business-type activities:	
Water	$ 1,086,941
Wastewater	1,296,239
Sanitation	335,861
Total depreciation expense-business-type activities	$ 2,719,041

Note 7. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2015:

	Balance 6/30/2014 *	Additions	Retirements	Balance 6/30/2015	Current Portion
Governmental Activities:					
Excise Tax Revenue Bonds:					
Series 2005	1,400,000	-	(210,000)	1,190,000	220,000
Total Excise Tax Revenue Bonds	1,400,000	-	(210,000)	1,190,000	220,000
Special Assessment Bonds:					
Wallapai/Marlene	62,850	-	(7,661)	55,189	8,063
East Golden Gate	1,066,000	-	(336,000)	730,000	355,000
Airway Avenue Railroad Crossing	1,525,000	-	(745,000)	780,000	780,000
Kingman Airport Tract/Banks	3,215,000	-	(200,000)	3,015,000	210,000
Total Special Assessment Bonds	5,868,850	-	(1,288,661)	4,580,189	1,353,063
Accrued compensated absences:	1,600,882	1,270,891	(1,459,671)	1,412,101	1,059,076
Capital leases	551,978	-	(138,500)	413,478	224,551
Other post employment benefits	3,791,489	275,302	-	4,066,791	-
Net pension liability	29,147,048	1,824,097	-	30,971,145	-
Total Governmental Debt	$ 42,360,247	$ 3,370,290	$ (3,096,832)	$ 42,633,704	$ 2,856,690
Business-Type Activities:					
Loans payable					
WIFA Loan - 910114-09	$ 27,924,337	$ -	$ (1,569,027)	$ 26,355,311	$ 1,625,512
WIFA Loan - 910149-11	13,125,155	-	(641,721)	12,483,434	662,160
Total Loans Payable	41,049,492	-	(2,210,748)	38,838,745	2,287,672
Accrued compensated absences	317,053	294,762	(284,302)	327,513	245,635
Capital leases	637,678	-	(146,179)	491,499	336,826
Net pension liability	6,026,633	-	(847,171)	5,179,462	-
Total Business-Type Long-Term Debt	$ 48,030,856	$ 294,762	$ (3,488,400)	$ 44,837,218	$ 2,870,132
Total Long-Term Liabilities	$ 90,391,103	$ 3,665,052	$ (6,585,232)	$ 87,470,922	$ 5,726,822

* Balances as restated.

Note 7. Long-Term Debt, Continued

The City has pledged future excise tax revenues to repay Excise Tax Revenue Bonds issued in 2005. The various bonds were issued for the construction of certain street improvements. Debt covenants related to the 2005 Series require available receipts for the fiscal year to be 2.5 times the annual debt service requirement. At year end, the revenues available for service of this debt were $23 million. The debt principal and interest paid on this debt during fiscal year 2015 was $267,813 (1% of available pledged revenues). The bonds bear interest from 3% to 4.25%, payments are due in annual principal and interest installments ranging from $266,275 to $270,588 through July 1, 2020.

Excise tax revenue bond maturities are as follows:

Year Ended	Governmental Activities		
June 30,	Principal	Interest	Total
2016	$ 220,000	$ 49,938	$ 269,938
2017	230,000	40,588	270,588
2018	240,000	30,813	270,813
2019	245,000	20,613	265,613
2020	255,000	10,200	265,200
Total	$ 1,190,000	$ 152,152	$ 1,342,152

Special assessments imposed on certain parcels of land within the assessment district are used to pay the Special Assessment District Bonds. The special assessment bonds yield interest ranging from 4.5% to 7.25%.

Special assessment bond debt service maturities are as follows:

Year Ended	Governmental Activities		
June 30,	Principal	Interest	Total
2016	1,353,063	$ 265,524	$ 1,618,587
2017	613,486	214,151	827,638
2018	253,932	179,600	433,532
2019	274,401	160,632	435,033
2020	294,894	140,187	435,082
2021-2025	1,790,412	1,011,749	2,802,161
Total	$ 4,580,189	$ 1,971,844	$ 6,552,033

Note 7. Long-Term Debt, Continued

Loans Payable:	Business-Type Activities
Water Infrastructure Finance Authority of Arizona loan number 910114-09, due in semi-annual variable principal and interest installments, bearing interest at 3.6% (including fees), maturing July 2028. The City has pledged future wastewater utility revenues to repay this loan. Loan covenants require the City to maintain 1.2 times coverage of net revenues to current year debt service payments.	$ 26,355,311
Water Infrastructure Finance Authority of Arizona loan number 910149-11, due in semi-annual variable principal and interest installments, bearing interest at 3.185% (including fees), maturing July 2030. The City has pledged future wastewater utility revenues to repay this loan. Loan covenants require the City to maintain 1.2 times coverage of net revenues to current year debt service payments.	12,483,434
Total Loans Payable	$ 38,838,745

Loans payable debt service maturities are as follows:

Year Ended	Business-Type Activities		
June 30,	Principal	Interest	Total
2016	$ 2,287,672	$ 1,346,389	$ 3,634,060
2017	2,367,280	1,266,780	3,634,060
2018	2,449,666	1,184,394	3,634,060
2019	2,534,929	1,099,223	3,634,151
2020	2,623,167	1,010,893	3,634,060
2021-2025	14,551,081	3,619,219	18,170,301
2026-2030	12,024,950	995,164	13,020,114
Total	$ 38,838,745	$ 10,522,062	$ 49,360,806

Note 8. Capital Leases Payable

The City has acquired land and vehicles under the provisions of long-term lease agreements classified as capital leases. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date for amounts that meet the City's capitalization threshold. Revenues from the General Fund, HURF Fund, both governmental funds, and Fleet Services Fund, an internal service fund, pay for the governmental activities lease obligations. Water, Wastewater and Sanitation Funds are used to pay the business-type activities capital lease obligation.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Governmental Activities	Business-Type Activities
2016	$ 166,993	$ 183,228
2017	166,993	183,228
2018	122,152	183,228
Total remaining minimum lease payments	456,138	549,685
Less amount representing interest	(42,660)	(58,187)
Present value of net remaining minimum lease payments	$ 413,478	$ 491,499

Assets acquired through capital leases are as follows:

	Governmental Activities	Business-type Activities
Land	$ 1,134,000	$ 1,701,000
Vehicles, furniture and equipment	409,455	-
Less: Accumulated depreciation	(176,395)	-
Total	$ 1,367,060	$ 1,701,000

Note 9. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2015 are as follows:

	Transfers in:				
Transfers out:	General Fund	Special Assessment Districts Fund	Nonmajor Governmnetal Funds and Internal Service Funds	Water Fund	Total
General Fund	$ -	$ 25,000	$ 578,367	$ -	$ 603,367
Special Assesment District	33,440	-	-	-	33,440
Nonmajor Governmental Funds and Internal Service Funds	297,031	-	30,000	411,885	738,916
Water Fund	544,248	-	139,229	-	683,477
Wastewater Fund	171,049	-	64,201	428,597	663,847
Sanitation Fund	264,349	-	60,583	-	324,932
Total	$ 1,310,117	$ 25,000	$ 872,380	$ 840,482	$ 3,047,979

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 10. Retirement and Pension Plans

Arizona State Retirement System (ASRS)

Plan description – The government participates in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azasrs.gov.

Benefits provided – The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date Before July 1, 2011	Initial Membership Date On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

* With actuarially reduced benefits.

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Note 10. Retirement and Pension Plans, Continued

Contributions – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.6 percent (11.48 percent for retirement and 0.12 percent for long-term disability) of the members' annual covered payroll, and the government was required by statute to contribute at the actuarially determined rate of 11.6 percent (10.89 percent for retirement, 0.59 percent for health insurance premium benefit, and 0.12 percent for long-term disability) of the active members' annual covered payroll.

In addition, the Government was required by statute to contribute at the actuarially determined rate of 9.57 percent (9.51 percent for retirement and 0.06 percent for long-term disability) of annual covered payroll of retired members who worked for the Government in positions that would typically be filled by an employee who contributes to the ASRS.

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

Year Ended June 30,	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
2013	$ 994,059	$ 63,038	$ 23,276
2014	1,024,979	57,475	22,990
2015	1,070,534	58,000	11,797

Pension liability – At June 30, 2015, the government reported a liability of $15,723,929 for its proportionate share of the ASRS' net pension liability. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined using update procedures to roll forward the total pension liability from an actuarial valuation as of June 30, 2013, to the measurement date of June 30, 2014. The government's proportion of the net pension liability was based on the government's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2014. The government's proportion measured as of June 30, 2014, was 0.106267 percent, which was an decrease of 0.003787 percent from its proportion measured as of June 30, 2013.

Note 10. Retirement and Pension Plans, Continued

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2015, the government recognized pension expense for ASRS of ($227,060). At June 30, 2015, the government reported deferred outflows of resources and deferred inflows of resources related to ASRS pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 799,136	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,749,630
Changes in proportion and differences between contributions and proportional share of contributions	-	439,862
Contributions subsequent to the measurement date	1,070,534	-
Total	$ 1,869,670	$ 3,189,492

The $1,070,534 reported as deferred outflows of resources related to ASRS pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2016	$ (531,201)
2017	(531,201)
2018	(640,546)
2019	(687,408)
2020	-
Thereafter	-

Note 10. Retirement and Pension Plans, Continued

Actuarial Assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2013
Actuarial roll forward date	June 30, 2014
Actuarial cost method	Entry age normal
Investment rate of return	8%
Projected salary increases	3-6.75%
Inflation	3%
Permanent benefit increase	Included
Mortality rates	1994 GAM Scale BB

Actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2012.

The long-term expected rate of return on ASRS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term Expected Portfolio Real Rate of Return**
Equity	63%	7.03%	4.43%
Fixed income	25%	3.20%	0.80%
Commodities	4%	4.50%	0.18%
Real Estate	8%	4.75%	0.38%
Totals	100%		5.79%
Inflation			3.00%
Expected arithmetic nominal return			8.79%

Note 10. Retirement and Pension Plans, Continued

Discount Rate – The discount rate used to measure the ASRS total pension liability was 8 percent, which is less than the long-term expected rate of return of 8.79 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – The following table presents the government's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the government's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7 percent) or 1 percentage point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Proportionate share of			
Net pension (asset) / liability	$ 19,874,239	$ 15,723,929	$ 13,472,177

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued ASRS financial report.

Public Safety Personnel Retirement System (PSPRS)

Plan description – The government contributes to the Public Safety Personnel Retirement System (PSPRS), 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 in the employ of the State of Arizona or a political subdivision thereof. The PSPRS, acting as a common investment administrative agent, is governed by a five-member board, known as the Fund Manager, and the participating local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS. The reports are available on the PSPRS website at www.psprs.com.

Note 10. Retirement and Pension Plans, Continued

Benefits provided – The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

	Initial Membership Date Before January 1, 2012	Initial Membership Date On or After January 1, 2012
Retirement and Disability		
Years of service and age required to receive benefit	20 years any age 15 years age 62	25 years age 52.5
Final average salary is based on	Highest 36 consecutive months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent		
Normal Retirement	50% less 2.0% for each year of credited service less than 20 years OR plus 2.0% to 2.5% for each year of credited service over 20 years, not to exceed 80%	2.5% per year of credited service, not to exceed 80%
Accidental Disability Retirement	50% or normal retirement, whichever is greater	
Catastrophic Disability Retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary Disability Retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	
Survivor Benefit		
Retired Members	80% to 100% of retired member's pension benefit	
Active Members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job	

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earnings. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Note 10. Retirement and Pension Plans, Continued

Employees covered by benefit terms – At June 30, 2015, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS **Police**	PSPRS **Fire**
Inactive employees or beneficiaries currently receiving benefits	23	15
Inactive employees entitled to but not yet receiving benefits	11	7
Active employees	51	43
Total	85	65

Contributions and annual OPEB cost – In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements for pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2015, active PSPSR members were required by statute to contribute 11.05 percent of their annual covered salary to the PSPRS and the government was required to contribute 27.75 percent for police and 26.43 percent for fire, the remaining amounts necessary to fund the PSPRS, as determined by the actuarial basis specified by statue. The health insurance premium portion of the contribution rate was actuarially set at 1.51 percent for police and 1.52 percent for fire.

For the agent plans, the government's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2015, were:

Pension	**PSPRS Police**	**PSPRS Fire**
Contributions made	795,100	643,645
Health Insurance Premium Benefit		
Annual OPEB cost	46,804	44,203
Contributions made	46,804	44,203

Pension liability – At June 30, 2015, the government reported a net pension liability related to PSPRS of $20,426,678. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liabilities as of June 30, 2014, reflect the following changes of benefit terms and actuarial assumptions.

- In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the plans changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases.
- The wage growth actuarial assumption was decreased from 4.5 percent to 4.0 percent.

Note 10. Retirement and Pension Plans, Continued

Pension actuarial assumptions – The significant actuarial assumptions used to measure the total pension liability are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Individual Entry Age Normal
Discount rate	7.85%
Projected salary increases	4.0% to 8.0% including inflation
Inflation	4.0%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

Actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometrical real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	16.00%	7.60%
Non-U.S. Equity	14.00%	8.63%
Private Equity	11.00%	9.50%
Fixed Income	7.00%	4.75%
Credit Opportunities	13.00%	8.00%
Absolute Return	4.00%	6.75%
GTAA	10.00%	5.73%
Real Assets	8.00%	5.96%
Real Estate	11.00%	6.50%
Risk Parity	4.00%	6.04%
Short Term Inv	2.00%	3.25%
Total	100.00%	

Note 10. Retirement and Pension Plans, Continued

Discount Rate –A Single Discount Rate of 7.85% was used to measure the total pension liability. This Single Discount Rate was based on the expected rate of return on pension plan investments of 7.85%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	PSPRS Police			PSPRS Fire		
	Total Pension Liablity (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liablity (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	$ 19,238,711	$ 10,444,546	$ 8,794,165	$ 20,465,946	$ 12,382,220	$ 8,083,726
Changes for the year:						
Service cost	540,257	-	540,257	505,928	-	505,928
Interest on total pension liability	1,479,478	-	1,479,478	1,597,731	-	1,597,731
Changes of benefit terms*	452,461	-	452,461	280,683	-	280,683
Difference between expected and actual experience in the measurement of the pension liability	(172,954)	-	(172,954)	(58,545)	-	(58,545)
Changes of assumptions**	2,461,609	-	2,461,609	1,665,565	-	1,665,565
Contributions - employer	-	732,712	(732,712)	-	663,300	(663,300)
Contributions - employee	-	304,317	(304,317)	-	281,866	(281,866)
Net investment income	-	1,421,029	(1,421,029)	-	1,717,903	(1,717,903)
Benefit payments, including refunds of employee contributions	(1,323,969)	(1,323,969)	-	(731,295)	(731,295)	-
Other changes	-	61,859	(61,859)	-	20,440	(20,440)
Net changes	3,436,882	1,195,948	2,240,934	3,260,067	1,952,214	1,307,853
Balances at June 30, 2015	$ 22,675,593	$ 11,640,494	$ 11,035,099	$ 23,726,013	$ 14,334,434	$ 9,391,579

* Changes of benefit terms include the payout of Retro PBI and a change in the employee contribution rate

** Changes of assumptions include a decrease in the wage assumption from 4.5% to 4.0% as well as the inclusion of an assumption to explicitly value future PBI

Note 10. Retirement and Pension Plans, Continued

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – The following table presents the government's net pension liability calculated using the discount rate noted above, as well as what the government's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (6.85%)	Discount Rate (7.85%)	1% Increase (8.85%)
PSPRS Police			
Net pension (asset) / liability	$ 13,838,574	$ 11,035,099	$ 8,707,590
PSPRS Fire			
Net pension (asset) / liability	$ 12,221,865	$ 9,391,579	$ 7,026,213

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued PSPRS financial report.

Pension expense and deferred outflows/inflows of resources – For the year ended June 30, 2015, the government recognized pension expense for PSPRS of $1,270,392. At June 30, 2015, the government reported deferred outflows of resources and deferred inflows of resources related to PSPRS pensions from the following sources:

	Police		Fire	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 143,380	$ -	$ 49,731
Changes in assumptions	2,040,684	-	1,414,802	-
Net difference between projected and actual earnings on pension plan investments	-	464,804	-	561,909
Contributions subsequent to the measurement date	795,100	-	643,645	-
Total	$ 2,835,784	$ 608,184	$ 2,058,447	$ 611,640

Note 10. Retirement and Pension Plans, Continued

The $1,438,745 reported as deferred outflows of resources related to PSPRS pensions resulting from government's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSPRS pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources	
	PSPRS Police	PSPRS Fire
2016	$ 275,150	$ 101,472
2017	275,150	101,472
2018	275,150	101,472
2019	275,150	101,472
2020	331,900	241,949
Thereafter	-	155,325

Agent plan OPEB actuarial assumptions – The health insurance premium benefit contribution requirements for the year ended June 30, 2015, were established by the June 30, 2013, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the reported amounts' value and assumptions about the probability of events in the future. Amounts determined regarding the plans' funded status and the annual required contributions are subject to continual revision as actual results are compared to past expectations and new estimates are made. The required schedule of funding progress for the health insurance premium benefit 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 plan as the government and plans' members understand them and include the types of benefits in force at the valuation date, and (2) the pattern of sharing benefit costs between the government and plans' members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The significant actuarial methods and assumptions used are the same for all PSPRS plans and related benefits (unless noted), and the following actuarial methods and assumptions were used to establish the fiscal year 2015 contribution requirements:

Note 10. Retirement and Pension Plans, Continued

Actuarial valuation date	June 30, 2013
Actuarial cost method	Individual Entry Age Normal
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	23 years for unfunded liabilities; 20 years for excess
Asset valuation method	7-Year smoothed market; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.5%-8.5%
Wage growth	4.50%

Agent plan OPEB trend information – Annual OPEB cost information for the health insurance premium benefit for the current and two preceding years follows for each of the agent plans:

Plan	Year Ended June 30,	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS Police	2013	$ 42,742	100%	-
	2014	42,621	100%	-
	2015	46,804	100%	-
PSPRS Fire	2013	$ 44,913	100%	-
	2014	41,342	100%	-
	2015	44,203	100%	-

Agent plan OPEB funded status – The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2014, along with the actuarial assumptions and methods used in those valuations follow.

	PSPRS Police	PSPRS Fire
Actuarial accrued liability (AAL)	$ 504,673	$ 532,329
Actuarial value of plan assets	573,674	675,949
Unfunded acturarial accrued liability (UAAL)	$ (69,001)	$ (143,620)
Funded ratio (acturarial value of plan assets/AAL)	113.67%	126.98%
Covered payroll (active plan members)	$ 2,823,863	$ 2,447,577
UAAL as a percentage of covered payroll	0.00%	0.00%

Note 10. Retirement and Pension Plans, Continued

The actuarial methods and assumptions used for the most recent valuation date are as follows:

Actuarial valuation date	June 30, 2014
Actuarial cost method	Individual Entry Age Normal
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	22 years for unfunded liabilities; 20 years for excess
Asset valuation method	7-Year smoothed market; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4.0%-8.0%
Wage growth	4.0%

Note 11. Other Post-Employment Benefits- Single Employer Plan

Plan description – Under authority of the City Council, the City provides postretirement insurance (health, dental, and vision) benefits for certain retirees and their dependents. The plan is a single-employer defined benefit plan administered by the City. The City contributes 100% of the premiums for the employees who retire with 20 years of full-time service before July 1, 2005. The City pays a portion of the premiums for the employees who retire with 20 years of service after July 1, 2005 and who agree to pay the remaining $150 of the premium per month. The City's regular insurance providers underwrite the retiree policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. A separate financial report is not issued for the plan. The number of participants as of year end, the effective date of the biannual OPEB valuation, follows,

	Participants
Active employees	264
Retired employees	19
Total	283

Funding policy – The City currently pays for postemployment benefits on a pay-as-you-go basis. Although the City is studying the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financials statements assume that pay-as-you-go funding will continue. Generally, resources from the General Fund are used to pay for postemployment benefits.

Note 11. Other Post-Employment Benefits- Single Employer Plan, Continued

Annual OPEB cost and net OPEB obligation – The City's annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	$ 507,047
Interest on net OPEB obligation	161,138
Adjustment to annual required contribution	(225,966)
Annual OPEB cost	442,219
Contributions made	(166,917)
Increase in net OPEB obligation	275,302
Net OPEB obligation, beginning of year	3,791,489
Net OPEB obligation, end of year	$ 4,066,791

The City's annual OPEB cost, the annual OPEB cost contributed, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2015 and the preceding two years are as follows:

Year Ended June 30,	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 579,099	$ 108,877	19%	$ 3,322,513
2014	571,391	102,415	18%	3,791,489
2015	442,219	166,917	38%	4,066,791

Actuarial methods and assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The projection of future benefit payments involve estimates of the value of reported amounts and assumptions about the probability of events into the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 11. Other Post-Employment Benefits- Single Employer Plan, Continued

Amounts determined and the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The more significant actuarial assumptions and methods used in the calculation of the employer contributions for the current fiscal year were as follows:

Valuation date	30-Jun-14
Actuarial cost method	Entry age normal, level dollar cost method
Amortization method for actuarial accrued liabilities	30 years open, level dollar amount
Remaining amortization period	
Interest rate	4.25%
Inflation rate	3.00%
Projected salary increases	30 years as of June 30, 2014
Health care cost trend rate:	
Medical, Prescription Drug, Dental and Vision	8%, 7%, 5%, respectively
Retiree contribution increase	No assumed increases in the future
ASRS subsidy increases	None
Cost of living adjustments	N/A

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The schedule of funding progress which can be found in the required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The plan is currently not funded.

Note 12. Risk Management

The City 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. The City joined the Arizona Municipal Risk Pool (Pool) as an alternative to escalating general liability insurance costs. The Pool is made up of various towns and cities within Arizona that operates a common risk management and insurance program.

Note 12. Risk Management, Continued

The agreement provides that the Pool will be self-sustaining through member premiums. The City pays an annual premium to the Pool for its general insurance coverage. If the Pool becomes insolvent or is otherwise unable to discharge its legal obligations, the City (and all other participants) may be assessed an additional contribution based on the City's current year's contribution divided by the current year's contributions of all participants times the deficiency. The assessment may not exceed the original contribution to the Pool for the year in which the assessment is made.

At the end of the tenth year of the Pool's existence and each year thereafter, any surplus fund in the Pool shall be distributed among the then existing participants in the Pool who were participating during the previous ten years. The allocation shall be based on the proportion of contributions made by each participant.

The City was unable to obtain worker's compensation insurance at a cost considered to be economically justifiable. Therefore the City joined the Arizona Municipal Workers' Compensation Pool (AMWCP), a public entity risk pool. The City is responsible for paying a premium, based on an experience rating formula that allocates pool expenditures and liabilities among members.

In fiscal year 2003-04, the City became self-funded for its uninsured risks of loss related to health, dental, and vision claims. Beginning July 1, 2012, the City joined the Northwest Arizona Employee Benefit Trust (NAEBT).

The City joined NAEBT with two other cities in Arizona for risks of loss related to employee health, dental, and vision claims. NAEBT is a public entity risk pool currently operating as a common risk management and insurance program. The City pays monthly premiums to NAEBT for its employee health, dental, and vision coverage. The agreement provides that NAEBT will be self-sustaining through members' premiums.

Note 13. Contingent Liabilities and Commitments

The City receives federal and state funding for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in disallowances under the terms of the grants. There are no required disbursements identified or recorded at the date of these financial statements.

The City is a party to number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable,; however, City management believes that the outcome of these proceedings, wither individually or in aggregate, will not have a materially adverse effect on the accompanying financial statements.

Note 14. Stabilization Arrangement

The City Council approved that a minimum unassigned fund balance in the General Fund will be maintained ranging from 25% to 50% of the budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to the timing of projected revenue receipts and to maintain budget stabilization commitments. If fund balance falls below the minimum 25% range, the City will replenish the shortages/deficiencies using the budget strategies and timeframes outlined in the City Council policy.

Note 15. Restatement and Prior Period Adjustments

During fiscal year 2015 it was noted that electricity purchases related to the Water fund had not been properly accrued in the previous year. The total amount of expenditures which were recorded in fiscal year 2015 but pertained to fiscal year 2014 was $146,323. Accordingly expenditures were understated and net position was overstated on the prior years' statement of revenues, expenditures, and changes in fund net position. A prior period adjustment was recorded to correct the error resulting in a decrease to fund balance of $146,323.

During fiscal year 2015 it was noted that a capital lease for golf carts had not been properly included on the government-wide statement of net position in prior years. This resulted in government-wide, governmental activities liabilities being understated and government-wide, governmental activities net position being overstated by $126,859 at June 30, 2014.

During fiscal year 2015 it was noted that the compensated absences liability related to the internal services funds were excluded from the government-wide statement of net position in the prior year. This resulted in the government-wide governmental activities liabilities being understated and the government-wide, governmental activities net position being overstated by $112,098.

Note 15. Restatement and Prior Period Adjustments, Continued

During fiscal year 2015 it was noted that development fees were being recorded as deferred revenue. Development fees should be recorded as revenue when received and reported as restricted fund balance. This resulted in revenues and fund balance being understated, and liabilities being overstated on the prior year financial statements in the following funds for the following amounts: Capital Projects by $453,068; Kingman Crossing by $1,157,158; Rancho Santa Fe Parkway by $60,000; Water Fund by $709,052.

As mentioned in Note 1 to the financial statements, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement Nos. 68 and 71 establish standards for measuring and recognizing net pension assets and liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to pension benefits provided through defined benefit pension plans. This resulted in a restatement of beginning net position as follows:

	Governmental Activities	Business-type Activities
Restatement adjustment - implementation of GASB 68:		
Net pension liability	$ (29,147,048)	$ (6,026,633)
Deferred outflows - contributions made during fiscal year 2014	2,083,363	337,628
Total Restatement Adjustment	$ (27,063,685)	$ (5,689,005)

Note 16. Fraud Loss

During fiscal year 2016 the City discovered that an employee has allegedly misappropriated funds from the City over the course of several years. This fraudulent activity went undetected due to a lack of internal controls over the City's employee benefit trust bank account and the City's credit cards. An estimated $1.2 million dollars was allegedly defrauded from the City, of which it is estimated that approximately $235,000 was misappropriated during fiscal year 2015. This amount has been recognized as a non-departmental expense on the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. The City has received $500,000 from their insurance company related to this loss. This amount has been recognized as revenue on the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. The City will continue their efforts to recover additional amounts from the accused former employee, however, as of the date of these financial statements it is unknown how much, if anything, will be recovered. Therefore, no provision for has been made in these financial statements for additional funds which may be received.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KINGMAN, ARIZONA
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2015

Arizona State Retirement System		**Reporting Fiscal Year (Measurement Date) 2015 (2014)**
Proportion of the net pension liability (asset)		0.106267%
Proportionate share of the net pension liability (asset)	$	15,723,929
Covered employee payroll	$	9,060,844
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		173.54%
Plan fiduciary net position as a percentage of the total pension liability		69.49%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

See accompanying notes to the pension plan schedules.

CITY OF KINGMAN, ARIZONA
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
June 30, 2015

Public Safety Personnel Retirement System	**PSPRS Police Reporting Fiscal Year (Measurement Date) 2015 (2014)**	**PSPRS Fire Reporting Fiscal Year (Measurement Date) 2015 (2014)**
Total pension liability		
Service cost	$ 540,257	$ 505,928
Interest on total pension liability	1,479,478	1,597,731
Changes of benefit terms	452,461	280,683
Difference between expected and actual experience of the total net pension liability	(172,954)	(58,545)
Changes of assumptions	2,461,609	1,665,565
Benefit payments, including refunds of employee contributions	(1,323,969)	(731,295)
Net change in total pension liability	3,436,882	3,260,067
Total pension liability - beginning	19,238,711	20,465,946
Total pension liability - ending (a)	$ 22,675,593	$ 23,726,013
Plan fiduciary net position		
Contributions - employer	$ 732,712	$ 663,300
Contributions - employee	304,317	281,866
Net investment income	1,421,029	1,717,903
Benefit payments, including refunds of employee contributions	(1,323,969)	(731,295)
Other (net transfer)	61,859	20,440
Net change in plan fiduciary net position	1,195,948	1,952,214
Plan fiduciary net position - beginning	10,444,546	12,382,220
Plan fiduciary net position - ending (b)	$ 11,640,494	$ 14,334,434
Net pension liability - ending (a) - (b)	$ 11,035,099	$ 9,391,579
Plan fiduciary net position as a percentage of the total pension liability	51.33%	60.42%
Covered employee payroll	$ 2,878,476	$ 2,655,297
Net pension liability as a percentage of covered-employee payroll	383.37%	353.69%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

See accompanying notes to the pension plan schedules.

CITY OF KINGMAN, ARIZONA
Required Supplementary Information
Schedule of Pension Contributions
June 30, 2015

Arizona State Retirement System

	Reporting Fiscal Year (Measurement Date) 2015 (2014)
Contractually required contribution	$ 1,024,979
Contributions in relation to the contractually required contribution	$ (1,024,979)
Contribution deficiency (excess)	$ -
Covered employee payroll	$ 9,060,844
Contributions as a percentage of covered-employee payroll	11.31%

Public Safety Personnel Retirement System

	PSPRS Police Reporting Fiscal Year (Measurement Date) 2015 (2014)	PSPRS Fire Reporting Fiscal Year (Measurement Date) 2015 (2014)
Actuarially determined contribution	$ 732,712	$ 663,300
Contributions in relation to the actuarially determined contribution	$ (732,712)	$ (663,300)
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 2,878,476	$ 2,655,297
Contributions as a percentage of covered-employee payroll	25.45%	24.98%

Note: The City implemented GASB 68 in fiscal year 2015. Information prior to 2015 is not available.

See accompanying notes to the pension plan schedules.

Note 1. Actuarially Determined Contribution Rates

Actuarially determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years for unfunded liabilities; 20 years for excess
Asset valuation method	7-Year smoothed market; 20% corridor
Actuarial assumptions:	
Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2013 actuarial valuation, the projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5%
Wage growth	In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5%
Retirement age	Experience-based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	RP-2000 mortality table projected to 2015 using projection scale AA (adjusted by 105% for both males and females)

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CITY OF KINGMAN, ARIZONA
Required Supplementary Information
Schedule of Agent OPEB Plans' Funding Progress
June 30, 2015

Valuation Date June 30,	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a)/(b) Funded Ratio	(c) Annual Covered Payroll	Unfunded AAL As a Percentage of Covered Payroll [(b)-(a)] / (c)
2013	$ -	$ 519,516	$ 519,516	0.0%	$ 2,838,418	18.30%
2014	519,374	522,788	3,414	99.35%	2,878,476	0.12%
2015	573,674	504,673	(69,001)	113.67%	2,823,863	0.00%
2013	$ -	$ 527,960	$ 527,960	0.0%	$ 2,663,020	19.83%
2014	615,394	524,693	(90,701)	117.29%	2,655,299	0.00%
2015	675,949	532,329	(143,620)	126.98%	2,447,577	0.00%

Other Postemployment Benefits

Valuation Date June 30,	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b) - (a) Unfunded AAL (UAAL)	(a) / (b) Funded Ratio	(c) Annual Covered Payroll	[(b)-(a)] / (c) Unfunded AAL As a Percentage of Covered Payroll
2012	-	5,293,372	5,293,372	-	9,134,826	57.9%
2010	-	7,892,307	7,892,307	-	8,956,255	88.1%
2008	-	6,570,672	6,570,672	-	9,309,667	70.6%

Note 1. Factors that Affect the Identification of Trends

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

SUPPLEMENTARY INFORMATION

COMBINING STATEMENTS
AND BUDGETARY COMPARISON SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS:

Special Revenue Funds

- **HURF Fund** – accounts for the City's share of motor fuel tax revenues.
- **Transit System Fund** – accounts for the activity associated with the system designed to meet the transportation needs of Kingman area residents.
- **Grants Fund** – accounts for all grants received by the City.

Debt Service Fund

- **Municipal Property Corporation Fund** – accounts for the Kingman Municipal Property Corporation (KMPC) component unit. The KMPC collects rent from the City to pay KMPC bonds issued to acquire and construct City facilities.

Capital Projects Funds

- **Local Construction Fund –** accounts for projects funded from local sources.
- **Capital Projects** – accounts for current and anticipated projects for the City.
- **Kingman Crossing Fund –** accounts for the Kingman Crossing project.
- **Rancho Santa Fe Parkway Fund –** accounts for the Rancho Santa Fe Parkway project.
- **Flood Control Fund** – accounts for intergovernmental aid from Mohave County to be used for flood control construction projects within the City

CITY OF KINGMAN, ARIZONA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

	Special Revenue			Debt Service
	HURF	Transit System	Grants	MPC
ASSETS				
Cash	$ 2,011,198	$ 69,923	$ 735,900	$ 107,262
Restricted cash and investments	-	-	171,438	-
Receivables:				
Intergovernmental	227,647	118,389	298,002	-
Total assets	$ 2,238,846	$ 188,312	$ 1,205,340	$ 107,262
LIABILITIES				
Accounts payable	$ 129,384	$ 4,811	$ 488,202	$ -
Accrued wages and salaries	33,707	20,848	-	-
Deposits held for others	-	-	171,438	-
Unearned revenues	119,646	24,084	13,334	-
Total liabilities	282,736	49,743	672,974	-
FUND BALANCES				
Restricted:				
Public works/streets	1,956,110	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	107,262
Other purposes	-	-	532,366	-
Committed:				
Public transportation	-	138,569	-	-
Total fund balances	1,956,110	138,569	532,366	107,262
Total liabilities and fund balances	$ 2,238,846	$ 188,312	$ 1,205,340	$ 107,262

Capital Project					
Local Construction	Capital Projects	Kingman Crossing	Rancho Santa Fe Parkway	Flood Control	Total
$ 368,276	$ 1,675,907	$ 1,240,355	$ 273,758	$ 1,378,457	$ 7,861,036
-	-	-	-	-	171,438
-	-	-	-	566,267	1,210,305
$ 368,276	$ 1,675,907	$ 1,240,355	$ 273,758	$ 1,944,724	$ 9,242,779
$ -	$ 204	$ -	$ -	$ 3,539	$ 626,139
-	-	-	-	-	54,555
-	-	-	-	-	171,438
-	5,412	-	-	-	162,476
-	5,616	-	-	3,539	1,014,608
-	-	-	-	-	1,956,110
368,276	1,670,291	1,240,355	273,758	1,941,186	5,493,865
-	-	-	-	-	107,262
-	-	-	-	-	532,366
-	-	-	-	-	138,569
368,276	1,670,291	1,240,355	273,758	1,941,186	8,228,171
$ 368,276	$ 1,675,907	$ 1,240,355	$ 273,758	$ 1,944,724	$ 9,242,779

CITY OF KINGMAN, ARIZONA
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2015

	Special Revenue			Debt Service
	HURF	Transit System	Grants	MPC
REVENUES				
Taxes	$ 728,663	$ -	$ -	$ -
Intergovernmental	2,422,585	348,952	1,775,091	-
Charges for services	-	212,682	-	-
Investment earnings	2,346	-	894	111
Other revenues	9,914	-	631	-
Total revenues	3,163,509	561,634	1,776,616	111
EXPENDITURES				
Current:				
General government	-	-	47,117	-
Public safety	-	-	780,447	-
Public works/streets	2,571,341	757,705	174,316	-
Capital outlay	141,372	8,503	704,782	-
Debt service:				
Principal	48,726	-	-	210,000
Interest and fiscal charges	12,380	-	-	59,063
Total expenditures	2,773,819	766,208	1,706,662	269,063
Excess (deficiency) of revenues over (under) expenditures	389,689	(204,574)	69,954	(268,951)
OTHER FINANCING SOURCES (USES)				
Transfers out	(411,885)	-	(235,031)	-
Transfers in	224,513	200,000	93,054	267,813
Total other financing sources (uses):	(187,372)	200,000	(141,977)	267,813
Net change in fund balances	202,317	(4,574)	(72,022)	(1,138)
Fund balances (deficits), beginning of year	1,753,792	143,143	604,388	108,400
Restatement adjustment	-	-	-	-
Fund balances, end of year	$ 1,956,110	$ 138,569	$ 532,366	$ 107,262

Capital Project					
Local Construction	Capital Projects	Kingman Crossing	Rancho Santa Fe Parkway	Flood Control	Total
$ -	$ 425,921	$ -	$ -	$ -	$ 1,154,584
-	-	-	-	566,267	5,112,895
-	-	-	-	-	212,682
409	1,913	1,356	303	1,566	8,899
-	22,400	-	-	-	32,946
409	450,234	1,356	303	567,833	6,522,006
-	-	-	-	-	47,117
-	-	-	-	-	780,447
-	-	-	-	-	3,503,362
-	476,524	-	-	382,818	1,713,999
-	-	-	-	-	258,726
-	-	-	-	-	71,443
-	476,524	-	-	382,818	6,375,093
409	(26,290)	1,356	303	185,015	146,912
-	-	-	-	-	(646,916)
-	-	-	-	-	785,380
-	-	-	-	-	138,464
409	(26,290)	1,356	303	185,015	285,377
367,867	1,243,512	81,841	213,455	1,756,170	6,272,568
-	453,068	1,157,158	60,000	-	1,670,226
$ 368,276	$ 1,670,291	$ 1,240,355	$ 273,758	$ 1,941,186	$ 8,228,171

CITY OF KINGMAN, ARIZONA
Highway User Revenue
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 650,000	$ 650,000	$ 728,663	$ 78,663
Intergovernmental revenue	2,200,000	2,200,000	2,422,585	222,585
Interest	-	-	2,346	2,346
Other revenues	5,000	5,000	9,914	4,914
Total revenues	2,855,000	2,855,000	3,163,509	308,509
EXPENDITURES				
Current:				
Public works/streets	3,250,734	3,250,734	2,571,341	679,393
Capital outlay	156,000	156,000	141,372	14,628
Debt service:				
Principal	48,820	48,820	48,726	94
Interest and fiscal charges	12,380	12,380	12,380	-
Total expenditures	3,467,934	3,467,934	2,773,819	694,115
Excess (deficiency) of revenues over (under) expenditures	(612,934)	(612,934)	389,689	1,002,623
OTHER FINANCING SOURCES (USES)				
Transfers out	(411,885)	(411,885)	(411,885)	-
Transfers in	224,513	224,513	224,513	-
Total other financing sources (uses)	(187,372)	(187,372)	(187,372)	-
Net change in fund balance	(800,306)	(800,306)	202,317	1,002,623
Fund balance, beginning of year	1,753,792	1,753,792	1,753,792	-
Fund balance, end of year	$ 953,486	$ 953,486	$ 1,956,110	$ 1,002,623

CITY OF KINGMAN, ARIZONA
Transit System
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenue	602,898	602,898	$ 348,952	$ (253,946)
Charges for services	140,000	140,000	212,682	72,682
Total revenues	742,898	742,898	561,634	(181,264)
EXPENDITURES				
Current:				
Highways and streets	812,034	812,034	757,705	54,329
Capital outlay	138,000	138,000	8,503	129,497
Total expenditures	950,034	950,034	766,208	183,826
Excess (deficiency) of revenues over (under) expenditures	(207,136)	(207,136)	(204,574)	2,562
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	200,000	200,000	-
Total other financing sources (uses)	200,000	200,000	200,000	-
Net change in fund balance	(7,136)	(7,136)	(4,574)	2,562
Fund balance (deficit), beginning of year	143,143	143,143	143,143	-
Fund balance (deficit), end of year	$ 136,007	$ 136,007	$ 138,569	$ 2,562

CITY OF KINGMAN, ARIZONA
Grants
Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Intergovernmental revenue	$ 6,584,613	$ 6,584,613	$ 1,775,091	$ (4,809,522)
Interest	-	-	894	894
Miscellaneous	66,760	66,760	631	(66,129)
Total revenues	6,651,373	6,651,373	1,776,616	(4,874,757)
EXPENDITURES				
Current:				
General government	346,023	346,023	47,117	298,906
Public safety	2,745,571	2,745,571	780,447	1,965,124
Public works/Streets	2,773,334	2,773,334	174,316	2,599,018
Capital outlay	1,241,700	1,241,700	704,782	536,918
Total expenditures	7,106,628	7,106,628	1,706,662	5,101,060
Excess (deficiency) of revenues over (under) expenditures	(455,255)	(455,255)	69,954	525,209
OTHER FINANCING SOURCES (USES)				
Transfers out	(285,100)	(285,100)	(235,031)	50,069
Transfers in	135,967	135,967	93,054	(42,913)
Total other financing sources (uses)	(149,133)	(149,133)	(141,977)	7,156
Net change in fund balance	(604,388)	(604,388)	(72,022)	532,366
Fund balance (deficit), beginning of year	604,388	604,388	604,388	-
Fund balance (deficit), end of year	$ (0)	$ (0)	$ 532,366	$ 532,366

CITY OF KINGMAN, ARIZONA
Municipal Property Corporation
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest	$ -	$ -	$ 111	$ 111
Total revenues	-	-	111	111
EXPENDITURES				
Debt service				
Principal	210,000	210,000	210,000	-
Interest and fiscal charges	59,063	59,063	59,063	1
Total expenditures	269,063	269,063	269,063	1
Excess (deficiency) of revenues over (under) expenditures	(269,063)	(269,063)	(268,951)	112
OTHER FINANCING SOURCES (USES)				
Transfers in	267,813	267,813	267,813	-
Total other financing sources (uses)	267,813	267,813	267,813	-
Net change in fund balance	(1,250)	(1,250)	(1,138)	112
Fund balance, beginning of year	108,400	108,400	108,400	-
Fund balance (deficit), end of year	$ 107,150	$ 107,150	$ 107,262	$ 112

CITY OF KINGMAN, ARIZONA
Local Construction
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest	$ -	$ -	$ 409	$ 409
Total revenues	-	-	409	409
EXPENDITURES				
Capital outlay	350,000	350,000	-	350,000
Total expenditures	350,000	350,000	-	350,000
Excess (deficiency) of revenues over (under) expenditures	(350,000)	(350,000)	409	350,409
Fund balance, beginning of year	367,867	367,867	367,867	-
Fund balance, end of year	$ 17,867	$ 17,867	$ 368,276	$ 350,409

CITY OF KINGMAN, ARIZONA
Capital Projects
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Taxes	$ 350,000	$ 350,000	$ 425,921	$ 75,921
Interest	-	-	1,913	1,913
Development investment fees	325,000	325,000	-	(325,000)
Other	7,400	7,400	22,400	15,000
Total revenues	682,400	682,400	450,234	(232,166)
EXPENDITURES				
Current:				
Capital outlay	1,012,252	1,012,252	476,524	535,728
Total expenditures	1,012,252	1,012,252	476,524	535,728
Excess (deficiency) of revenues over (under) expenditures	(329,852)	(329,852)	(26,290)	303,562
Net change in fund balances	(329,852)	(329,852)	(26,290)	303,562
Fund balance, beginning of year	1,243,512	1,243,512	1,243,512	-
Restatement adjustment	-	-	453,068	453,068
Fund balance, end of year	$ 913,660	$ 913,660	$ 1,670,291	$ 756,630

CITY OF KINGMAN, ARIZONA
Kingman Crossing
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest	$ -	$ -	$ 1,356	$ 1,356
Developer participation	19,207,000	19,207,000	-	(19,207,000)
Total revenues	19,207,000	19,207,000	1,356	(19,205,644)
EXPENDITURES				
Capital outlay	19,207,000	19,207,000	-	19,207,000
Total expenditures	19,207,000	19,207,000	-	19,207,000
Excess (deficiency) of revenues over (under) expenditures	-	-	1,356	1,356
Net change in fund balances	-	-	1,356	1,356
Fund balance, beginning of year	81,841	81,841	81,841	-
Restatement adjustment	-	-	1,157,158	1,157,158
Fund balance, end of year	$ 81,841	$ 81,841	$ 1,240,355	$ 1,158,514

CITY OF KINGMAN, ARIZONA
Rancho Santa Fe Parkway
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest	$ -	$ -	$ 303	$ 303
Intergovernmental	27,423,821	27,423,821	-	(27,423,821)
Developer participation	1,712,000	1,712,000	-	(1,712,000)
Total revenues	29,135,821	29,135,821	303	(29,135,518)
EXPENDITURES				
Capital outlay	49,235,745	49,235,745	-	49,235,745
Total expenditures	49,235,745	49,235,745	-	49,235,745
Excess (deficiency) of revenues over (under) expenditures	(20,099,924)	(20,099,924)	303	(20,099,621)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	20,099,924	20,099,924	-	(20,099,924)
Total other financing sources (uses)	20,099,924	20,099,924	-	(20,099,924)
Net change in fund balance	-	-	303	(40,199,545)
Fund balance, beginning of year	213,455	213,455	213,455	-
Restatement adjustment	-	-	60,000	60,000
Fund balance, end of year	$ 213,455	$ 213,455	$ 273,758	$ (40,139,545)

CITY OF KINGMAN, ARIZONA
Flood Control
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2015

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Interest	$ 3,000	$ 3,000	$ 1,566	$ (1,434)
Intergovernmental	726,491	726,491	566,267	(160,224)
Total revenues	729,491	729,491	567,833	(161,658)
EXPENDITURES				
Capital outlay	1,200,000	1,200,000	382,818	817,182
Total expenditures	1,200,000	1,200,000	382,818	817,182
Excess (deficiency) of revenues over (under) expenditures	(470,509)	(470,509)	185,015	655,524
Net change in fund balance	(470,509)	(470,509)	185,015	655,524
Fund balance, beginning of year	1,756,170	1,756,170	1,756,170	-
Fund balance, end of year	$ 1,285,661	$ 1,285,661	$ 1,941,186	$ 655,524

INTERNAL SERVICE FUNDS

- **911 Dispatch Center Fund** – accounts for the City's 911 operations.
- **Fleet Services Fund** – accounts for the City's internal fleet operations.
- **Insurance Services Fund –** accounts for the City's property and liability insurance program.
- **Building Maintenance Services Fund –** accounts for the cost of maintaining and repairing City facilities.
- **Information Technology Fund –** accounts for the City's cost of providing information support services to all City departments.
- **Benefits Reserve Fund –** accounts for the residual activity associated with the City's self-insurance program, premium payments to the Northwest Arizona Employee Benefit Trust pool, and other miscellaneous insurance related operations.

CITY OF KINGMAN, ARIZONA
Combining Statement of Net Position-
All Internal Service Funds
For the Year Ended June 30, 2015

	911 Dispatch Center	Fleet Services	Insurance Services
ASSETS			
Current Assets:			
Cash	$ 713,273	$ 295,920	$ 1,204,039
Total current assets	713,273	295,920	1,204,039
Noncurrent Assets:			
Land and water rights	-	567,000	-
Buildings	-	576,100	-
System improvements	10,060	78,660	-
Machinery and equipment	59,366	163,318	-
Accumulated depreciation	(16,745)	(597,399)	-
Total noncurrent assets	52,681	787,678	-
Total Assets	765,954	1,083,599	1,204,039
Deferred Outflows of Resources			
Deferred outflows related to pensions	104,328	60,203	-
LIABILITIES			
Current liabilities:			
Accounts payable	1,614	19,898	42,896
Accrued wages and benefits	27,547	13,047	-
Compensated absences	23,296	23,297	-
Unearned revenue	-	-	-
Capital leases payable - current portion	-	51,557	-
Total current liabilities	52,456	107,800	42,896
Noncurrent liabilities:			
Compensated absences	7,765	7,766	-
Net pension liability	877,395	506,310	-
Capital leases payable, net of current portion	-	112,278	-
Total noncurrent liabilities	885,160	626,354	-
Total liabilities	937,617	734,154	42,896
Deferred Inflows of Resources			
Deferred inflows related to pensions	177,974	102,702	-
NET POSITION			
Net investment in capital assets	52,681	623,843	-
Unrestricted	(297,990)	(316,897)	1,161,142
Total net position	$ (245,310)	$ 306,946	$ 1,161,142

Building Maintenance Services	Information Technology	Benefits Reserve Fund	Totals
$ 800,316	$ 425,158	$ 1,820,121	$ 5,258,826
800,316	425,158	1,820,121	5,258,826
-	-	-	567,000
-	-	-	576,100
-	-	-	88,720
13,141	903,471	-	1,139,296
(1,689)	(793,997)	-	(1,409,831)
11,452	109,474	-	961,285
811,768	534,632	1,820,121	6,220,111
30,102	80,396	-	275,029
18,030	19,268	149	101,856
6,116	19,143	1,992	67,845
8,593	25,141	-	80,327
-	-	44	44
-	-	-	51,557
32,739	63,552	2,186	301,629
2,864	8,380	-	26,776
253,155	676,129	-	2,312,989
-	-	-	112,278
256,019	684,509	-	2,452,043
288,759	748,061	2,186	2,753,672
51,351	137,148	-	469,175
11,452	109,474	-	797,450
490,308	(379,655)	1,817,935	2,474,843
$ 501,760	$ (270,181)	$ 1,817,935	$ 3,272,293

CITY OF KINGMAN, ARIZONA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position-
All Internal Service Funds
For the Year Ended June 30, 2015

	911 Dispatch Center	Fleet Services	Insurance Services
Operating Revenues			
Charges for services	$ 1,082,911	$ 1,290,323	$ 605,000
Contributions	-	-	-
Other revenues	167,276	-	-
Total operating revenues	1,250,187	1,290,323	605,000
Operating Expenses			
Salaries, wages and benefits	720,514	442,676	-
Administration/legal/contract services	746	198	662,177
Supplies	209,237	678,132	-
Repairs and maintenance	6,659	5,738	-
Utilities	11,846	-	-
Depreciation	4,842	20,341	-
Total operating expenses	953,844	1,147,086	662,177
Operating income (loss)	296,343	143,237	(57,177)
Non-operating Revenues (Expenses)			
Interest income	-	310	1,344
Interest expense and fiscal charges	-	(12,380)	-
Total non-operating revenue (expense)	-	(12,070)	1,344
Income (loss) before contributions and transfers	296,343	131,168	(55,832)
Transfers out	(92,000)	-	-
Transfers in	-	-	-
Change in net position	204,343	131,168	(55,832)
Total net position, beginning of year	514,058	731,898	1,216,975
Restatement adjustment	(963,711)	(556,120)	-
Total net position, end of year	$ (245,310)	$ 306,946	$ 1,161,142

Building Maintenance Services	Information Technology	Benefits Reserve Fund	Totals
$ 682,600	$ 1,182,952	$ -	$ 4,843,786
-	-	4,012,621	4,012,621
1,415	108	71,633	240,432
684,015	1,183,060	4,084,254	9,096,839
225,379	572,832	235,323	2,196,722
8,627	337,604	4,078,754	5,088,107
127,642	159,687	-	1,174,698
40,491	-	-	52,889
169,234	-	-	181,080
647	34,313	-	60,143
572,020	1,104,436	4,314,077	8,753,639
111,995	78,624	(229,823)	343,200
854	387	2,212	5,107
-	-	-	(12,380)
854	387	2,212	(7,273)
112,849	79,012	(227,611)	335,928
-	-	-	(92,000)
-	87,000	-	87,000
112,849	166,012	(227,611)	330,928
666,971	306,452	2,045,546	5,481,901
(278,060)	(742,645)	-	(2,540,536)
$ 501,760	$ (270,181)	$ 1,817,935	$ 3,272,293

CITY OF KINGMAN, ARIZONA
Combining Statement of Cash Flows-
All Internal Service Funds
For the Year Ended June 30, 2015

	911 Dispatch Center	Fleet Services	Insurance Services
Cash Flows From Operating Activities:			
Cash received from customers, service fees	$ 1,082,911	$ 1,290,323	$ 605,000
Cash received from customers, other	167,276	-	-
Cash paid to suppliers	(227,022)	(690,258)	(624,857)
Cash paid to employees	(725,884)	(459,814)	-
Cash flows from operating activities	297,281	140,251	(19,857)
Cash Flows From Noncapital Financing Activities:			
Transfers	(92,000)	-	-
Cash flows from noncapital financing activities	(92,000)	-	-
Cash Flows From Capital and Related Financing Activities:			
Purchase of capital assets	-	-	-
Principal paid on long term debt	-	(48,724)	-
Interest paid	-	(12,379)	-
Cash flows from capital and related financing activities	-	(61,103)	-
Cash Flows From Investing Activities:			
Interest on investments	-	310	1,344
Net change in cash and cash equivalents	205,281	79,458	(18,512)
Cash and cash equivalents, including temporarily restricted cash, beginning of year	507,990	216,462	1,222,551
Cash and cash equivalents, including temporarily restricted cash, end of year	$ 713,273	$ 295,920	$ 1,204,039
Reconciliation of operating income to net cash flows from operating activities:			
Net operating income (loss)	$ 296,343	$ 143,237	$ (57,177)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation/amortization	4,842	20,341	-
Pension expense	48,223	28,214	-
Employer pension contributions	(60,893)	(35,525)	-
Changes in operating assets and liabilities:			
Increase (decrease) in payables	1,467	(6,189)	37,320
Increase (decrease) in accrued liabilities & deposits	7,300	(9,827)	-
Net cash flows from operating activities	$ 297,281	$ 140,251	$ (19,857)

Building Maintenance Services	Information Technology	Benefits Reserve Fund	Totals
$ 682,600	$ 1,182,952	$ 4,012,621	$ 8,856,407
1,415	108	71,633	240,432
(333,125)	(516,213)	(4,082,608)	(6,474,083)
(230,227)	(577,655)	(232,396)	(2,225,976)
120,663	89,193	(230,750)	396,781
-	87,000	-	(5,000)
-	87,000	-	(5,000)
(6,884)	(63,676)	-	(70,560)
-	-	-	(48,724)
-	-	-	(12,379)
(6,884)	(63,676)	-	(131,663)
854	387	2,212	5,107
114,632	112,904	(228,538)	265,226
685,683	312,254	2,048,658	4,993,598
$ 800,316	$ 425,158	$ 1,820,121	$ 5,258,826
$ 111,995	$ 78,624	$ (229,823)	$ 343,200
647	34,313	-	60,143
14,056	37,393	-	127,886
(17,712)	(47,157)	-	(161,287)
12,869	(18,922)	(3,854)	22,691
(1,193)	4,941	2,927	4,148
$ 120,663	$ 89,193	$ (230,750)	$ 396,781

STATISTICAL SECTION

This part of the City of Kingman's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes disclosures, and required supplementary information says about the government's overall financial health.

Contents Page

Financial Trends 98

These schedules contain trend information to help the reader understand how the government's financial performance and well being have changed over time.

Revenue Capacity 103

These schedules contain information to help the reader assess the government's property taxes and the most significant local revenues source, the sales tax.

Debt Capacity 111

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information..... 117

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information 120

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

CITY OF KINGMAN, ARIZONA
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended				
	2015	**2014**	**2013**	**2012**	**2011**
Governmental activities:					
Net investment in capital assets	44,485,295	43,663,259	42,022,454	41,509,396	40,034,056
Restricted	10,955,858	11,525,848	12,054,804	12,533,340	15,125,063
Unrestricted	(11,317,876)	12,064,132	10,881,884	11,011,417	12,903,489
Total governmental activities net position	44,123,276	67,253,239	64,959,142	65,054,153	68,062,608
Total business-type activities					
Net investment in capital assets	38,415,731	37,225,869	36,859,201	34,934,099	31,371,150
Restricted	4,358,367	3,405,895	2,627,348	1,848,801	2,335,931
Unrestricted	28,831,046	30,926,842	25,841,488	23,953,643	19,802,816
Total governmental activities net position	71,605,144	71,558,606	65,328,037	60,736,543	53,509,897
Primary government					
Net investment in capital assets	82,901,026	80,889,128	78,881,655	76,443,495	71,405,206
Restricted	15,314,224	14,931,743	14,682,152	14,382,141	17,460,994
Unrestricted	17,513,170	42,990,974	36,723,372	34,965,060	32,706,305
Total governmental activities net position	115,728,420	138,811,845	130,287,179	125,790,696	121,572,505

(Continued)

CITY OF KINGMAN, ARIZONA
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended				
	2010	**2009**	**2008**	**2007**	**2006**
Governmental activities:					
Net investment in capital assets	38,762,943	37,891,064	37,438,313	37,343,856	43,500,192
Restricted	329,125	387,789	445,957	877,528	1,244,463
Unrestricted	30,294,711	28,536,485	28,310,524	25,907,666	10,551,246
Total governmental activities net position	69,386,779	66,815,338	66,194,794	64,129,050	55,295,901
Total business-type activities					
Net investment in capital assets	31,861,904	29,906,112	30,578,796	31,505,500	30,029,791
Restricted	1,828,632	942,356	938,662	943,561	932,588
Unrestricted	15,869,839	15,482,328	13,468,732	9,389,716	9,703,202
Total governmental activities net position	49,560,375	46,330,796	44,986,190	41,838,777	40,665,581
Primary government					
Net investment in capital assets	70,624,847	67,797,176	68,017,109	68,849,356	73,529,983
Restricted	2,157,757	1,330,145	1,384,619	1,821,089	2,177,051
Unrestricted	46,164,550	44,018,813	41,779,256	35,297,382	20,254,448
Total governmental activities net position	118,947,154	113,146,134	111,180,984	105,967,827	95,961,482

Source: The source of this information is the City's financial records

(Concluded)

CITY OF KINGMAN, ARIZONA
Expenses, Program Revenues, and Net Expense
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended				
	2015	**2014**	**2013**	**2012**	**2011**
Expenses:					
Governmental activities:					
General government	$ 5,416,624	$ 4,771,156	$ 5,353,769	$ 5,198,867	$ 5,315,740
Public safety	16,116,770	15,875,548	14,962,499	15,306,386	14,926,549
Public works/Streets	5,245,982	4,921,026	4,791,529	4,038,716	4,269,435
Economic development	262,965	3,815,251	3,770,234	3,751,168	3,873,742
Culture and recreation	3,764,336	398,757	522,579	661,862	1,170,810
Interest on long-term debt	415,010	521,663	616,940	714,704	794,858
Total governmental activities	31,221,687	30,303,401	30,017,550	29,671,703	30,351,134
Business-type activities					
Water	7,084,595	7,116,700	7,002,009	7,029,281	6,938,517
Wastewater	4,355,062	4,531,419	4,224,008	3,961,335	2,723,165
Refuse	3,059,890	3,020,247	3,001,675	3,014,553	2,931,247
Total business-type activities	14,499,547	14,668,366	14,227,692	14,005,169	12,592,929
Total expenses	45,721,233	44,971,767	44,245,242	43,676,872	42,944,063
Program Revenues:					
Charges for services					
Culture and recreation	1,270,732	1,243,615	1,298,940	1,212,621	1,254,738
Economic development	638,075	552,670	462,675	354,734	258,415
Other	708,463	922,381	812,952	1,234,807	1,258,283
Operating grants and contributions	4,428,977	2,175,015	1,940,274	2,250,529	1,821,520
Capital grants and contributions	1,086,946	1,503,739	1,549,150	1,678,832	3,119,466
Total governmental activities	8,133,194	6,397,420	6,063,991	6,731,523	7,712,422
Business-type activities:					
Charges for services					
Water	8,295,956	8,178,178	8,531,967	8,420,703	8,224,873
Wastewater	8,753,810	8,936,591	7,544,469	6,120,036	4,960,562
Refuse	3,411,473	3,357,109	3,317,741	3,314,137	3,329,620
Capital grants and contributions	-	155,194	-	2,061,111	-
Total business-type activities	20,461,239	20,627,072	19,394,177	19,915,987	16,515,055
Total program revenues	28,594,433	27,024,492	25,458,168	26,647,510	24,227,477
Net Expense	$ (17,126,801)	$ (17,947,275)	$ (18,787,074)	$ (17,029,362)	$ (18,716,586)

(Continued)

CITY OF KINGMAN, ARIZONA
Expenses, Program Revenues, and Net Expense
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended				
	2010	**2009**	**2008**	**2007**	**2006**
Expenses:					
Governmental activities:					
General government	$ 4,616,031	$ 4,761,050	$ 4,812,710	$ 5,338,793	$ 4,897,625
Public safety	15,337,732	15,865,007	15,757,220	15,864,775	13,804,815
Public works/Streets	4,499,627	4,085,526	5,548,153	1,314,715	7,308,071
Economic development	3,826,798	4,574,132	4,916,992	4,662,109	3,838,881
Culture and recreation	562,714	306,605	269,108	219,488	336,274
Interest on long-term debt	875,832	808,803	733,249	745,429	816,331
Total governmental activities	29,718,734	30,401,123	32,037,432	28,145,309	31,001,997
Business-type activities					
Water	7,081,551	7,546,397	7,365,694	7,398,433	7,124,977
Wastewater	2,098,760	1,746,494	1,365,364	1,947,121	1,311,188
Refuse	2,721,958	2,703,858	2,833,348	2,648,349	2,460,861
Total business-type activities	11,902,269	11,996,749	11,564,406	11,993,903	10,897,026
Total expenses	41,621,003	42,397,872	43,601,838	40,139,212	41,899,023
Program Revenues:					
Charges for services					
Culture and recreation	1,238,827	1,093,529	1,347,712	1,349,404	1,306,201
Economic development	463,055	737,699	878,552	1,033,205	1,479,729
Other	748,808	1,726,696	1,211,968	654,730	699,664
Operating grants and contributions	2,492,889	1,825,376	2,621,629	2,403,743	1,173,316
Capital grants and contributions	5,312,895	1,270,449	1,973,809	4,159,165	3,069,691
Total governmental activities	10,256,474	6,653,749	8,033,670	9,600,247	7,728,601
Business-type activities:					
Charges for services					
Water	8,787,008	7,723,005	9,153,960	8,602,871	7,406,521
Wastewater	3,846,079	3,370,892	2,791,018	2,301,410	2,674,379
Refuse	3,305,488	3,336,841	3,292,757	3,152,197	2,800,752
Capital grants and contributions	-	-	-	-	-
Total business-type activities	15,938,575	14,430,738	15,237,735	14,056,478	12,881,652
Total program revenues	26,195,049	21,084,487	23,271,405	23,656,725	20,610,253
Net Expense	$ (15,425,954)	$ (21,313,385)	$ (20,330,433)	$ (16,482,487)	$ (21,288,770)

Source: The source of this information is the City's financial records

(Concluded)

CITY OF KINGMAN, ARIZONA
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended				
	2015	**2014**	**2013**	**2012**	**2011**
Net Expense	$ (17,126,801)	$ (17,947,275)	$ (18,787,074)	$ (17,029,362)	$ (18,716,586)
General Revenues:					
Governmental activities					
Taxes:					
Sales taxes	16,103,275	15,484,419	12,807,658	11,641,816	11,264,735
Property taxes	-	-	-	-	1,495
Auto lieu taxes	1,424,650	1,339,535	1,294,678	1,309,913	1,275,096
Franchise taxes	705,659	705,760	684,455	702,454	744,872
Unrestricted state shared revenue	5,962,904	7,817,869	7,328,198	6,541,472	6,684,959
Investment income	33,547	106,233	130,247	125,298	247,903
Miscellaneous	529,134	41,208	624,976	79,443	70,562
Transfers	831,774	705,054	988,336	(468,671)	1,024,919
Total governmental activities	25,590,943	26,200,078	23,858,548	19,931,725	21,314,541
General Revenues:					
Business-type activities					
Investment income	42,895	145,225	160,522	108,061	211,220
Miscellaneous	-	831,692	252,823	739,096	841,095
Transfers	(831,774)	(705,054)	(988,336)	468,671	(1,024,919)
Total business-type activities	(788,879)	271,863	(574,991)	1,315,828	27,396
Changes in Net Position	$ 7,675,263	$ 8,524,666	$ 4,496,483	$ 4,218,191	$ 2,625,351

(Continued)

CITY OF KINGMAN, ARIZONA
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
(Accrual basis of accounting)

	Fiscal Year Ended				
	2010	2009	2008	2007	2006
Net Expense	$ (15,425,954)	$ (21,313,385)	$ (20,330,433)	$ (16,482,487)	$ (21,288,770)
General Revenues:					
Governmental activities					
Taxes:					
Sales taxes	11,648,543	12,024,409	12,990,502	14,070,401	14,359,943
Property taxes	20,169	437,457	430,630	430,666	311,232
Auto lieu taxes	1,290,144	1,375,193	1,501,803	1,569,940	1,441,076
Franchise taxes	657,793	804,964	730,892	711,893	680,628
Unrestricted state shared revenue	7,229,643	8,230,525	8,702,727	8,192,336	7,048,226
Investment income	207,908	259,194	778,418	1,000,211	915,471
Miscellaneous	17,850	14,631	12,796	-	12,243
Transfers	961,651	1,221,545	921,738	1,402,764	699,660
Total governmental activities	22,033,701	24,367,918	26,069,506	27,378,211	25,468,479
General Revenues:					
Business-type activities					
Investment income	154,924	132,162	395,822	513,385	490,115
Miscellaneous	-	-	-	-	-
Transfers	(961,651)	(1,221,545)	(921,738)	(1,402,764)	(699,660)
Total business-type activities	(806,727)	(1,089,383)	(525,916)	(889,379)	(209,545)
Changes in Net Position	$ 5,801,020	$ 1,965,150	$ 5,213,157	$ 10,006,345	$ 3,970,164

Source: The source of this information is the City's financial records

(Concluded)

CITY OF KINGMAN, ARIZONA
Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended				
	2015	**2014**	**2013**	**2012**	**2011**
General Fund:					
Nonspendable	$ 58,496	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-
Committed	1,877,215	1,151,386	1,051,250	958,534	936,189
Assigned	69,279	90,958	87,157	83,026	78,600
Unassigned	11,127,190	8,352,471	6,649,740	6,556,730	7,257,140
Unreserved	-	-	-	-	-
Total General Fund	$ 13,132,180	$ 9,594,815	$ 7,788,147	$ 7,598,290	$ 8,271,929
All Other Governmental Funds					
Restricted	$ 10,817,289	$ 6,979,949	$ 6,665,017	$ 5,861,993	$ 8,151,564
Committed	138,569	143,060	-	515,350	874,445
Assigned	-	1,906,758	1,879,343	1,301,280	844,458
Unassigned	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	$ 10,955,858	$ 9,029,767	$ 8,544,360	$ 7,678,623	$ 9,870,467

(Continued)

CITY OF KINGMAN, ARIZONA
Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended				
	2010	**2009**	**2008**	**2007**	**2006**
General Fund:					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Unreserved	8,855,139	8,625,441	8,810,167	8,835,853	8,115,165
Total General Fund	$ 8,855,139	$ 8,625,441	$ 8,810,167	$ 8,835,853	$ 8,115,165
All Other Governmental Funds					
Restricted	$ -	$ -	$ -	$ -	$ -
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	1,355,093	1,643,226	1,540,129	1,646,709	1,864,903
Capital project funds	4,085,795	5,806,257	4,127,878	3,869,683	4,423,864
Debt service funds	4,389,957	5,364,014	3,279,316	3,249,476	3,056,969
Total all other governmental funds	$ 9,830,845	$ 12,813,497	$ 8,947,323	$ 8,765,868	$ 9,345,736

Source: The source of this information is the City's financial records

The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

(Concluded)

CITY OF KINGMAN, ARIZONA
Governmental Funds Revenues
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended				
	2015	**2014**	**2013**	**2012**	**2011**
Taxes	$ 18,233,584	$ 17,529,714	$ 14,786,791	$ 13,654,183	$ 13,286,198
Licenses and permits	741,706	101,622	105,838	108,992	314,819
Intergovernmental	11,075,799	10,682,169	10,801,137	9,286,440	10,953,747
Charges for services	1,565,569	1,914,551	1,960,633	1,687,949	1,355,590
Fines and forfeitures	257,840	248,962	278,219	290,488	269,943
Investment income	28,439	85,811	103,158	89,925	185,896
Special assessments	1,593,143	1,253,243	1,199,283	1,283,107	1,247,070
Development investment fees	-	166,708	-	399,094	582,054
Miscellaneous	137,039	355,454	948,777	391,347	445,739
Total revenues	$ 33,633,119	$ 32,338,234	$ 30,183,836	$ 27,191,525	$ 28,641,056

	2010	**2009**	**2008**	**2007**	**2006**
Taxes	$ 13,616,649	$ 14,642,023	$ 15,661,691	$ 16,776,012	$ 16,924,397
Licenses and permits	74,280	75,476	78,852	78,245	67,308
Intergovernmental	10,567,956	10,760,995	12,489,710	12,993,888	8,667,943
Charges for services	1,819,751	2,084,053	2,556,038	2,334,372	2,802,844
Fines and forfeitures	260,767	296,701	343,852	432,907	369,574
Investment income	153,841	207,536	619,192	837,405	796,102
Special assessments	1,072,622	3,232,765	808,455	1,472,051	2,420,938
Development investment fees	99,817	-	-	-	-
Miscellaneous	365,075	898,950	459,490	481,120	460,463
Total revenues	$ 28,030,758	$ 32,198,499	$ 33,017,280	$ 35,406,000	$ 32,509,569

Source: The source of this information is the City's financial records

CITY OF KINGMAN, ARIZONA
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended				
	2015	**2014**	**2013**	**2012**	**2011**
Expenditures:					
Current -					
General government	4,790,018	4,353,904	4,539,105	4,678,344	4,814,224
Public safety	14,778,302	14,691,686	14,045,641	14,243,346	13,347,817
Public works/Streets	3,503,362	3,144,347	3,161,449	2,499,309	2,732,646
Culture and recreation	3,588,923	3,403,471	3,421,827	3,369,620	3,482,574
Economic development	264,772	387,389	528,376	647,842	1,121,263
Capital outlay	2,260,223	2,572,408	2,331,545	1,848,176	1,881,691
Debt service -					
Bond issuance costs	-	-	-	-	-
Principal retirement	1,588,434	2,132,252	1,834,274	2,012,640	1,929,322
Interest and fiscal charges	402,630	506,638	599,386	694,760	772,656
Total expenditures	31,176,664	31,192,095	30,461,603	29,994,037	30,082,193
Expenditures for capitalized assets	1,997,145	2,214,715	2,025,792	1,739,465	1,618,947
Debt service as a percentage of noncapital expenditures	7%	9%	9%	10%	9%

(Continued)

CITY OF KINGMAN, ARIZONA
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended				
	2010	**2009**	**2008**	**2007**	**2006**
Expenditures:					
Current -					
General government	4,455,010	4,455,724	5,082,263	5,063,071	4,854,321
Public safety	13,930,915	14,635,020	15,131,180	14,544,337	13,325,125
Public works/Streets	2,995,398	3,018,176	3,717,739	4,387,787	3,450,186
Culture and recreation	3,431,368	3,635,466	4,568,448	4,226,004	3,585,219
Economic development	488,824	263,220	235,850	227,364	269,440
Capital outlay	3,563,268	4,614,786	2,406,306	7,820,600	9,189,659
Debt service -					
Bond issuance costs	-	112,230	-	-	218,294
Principal retirement	1,704,085	2,115,553	1,998,234	1,518,059	904,458
Interest and fiscal charges	851,495	670,219	733,249	745,429	728,462
Total expenditures	31,420,363	33,520,394	33,873,269	38,532,651	36,525,164
Expenditures for capitalized assets	2,705,171	3,693,462	1,848,135	6,916,188	8,980,940
Debt service as a percentage of noncapital expenditures	9%	9%	9%	7%	6%

Source: The source of this information is the City's financial records

(Concluded)

CITY OF KINGMAN, ARIZONA
Other Financing Sources and Uses and Net Changes in Fund Balances – Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended				
	2015	**2014**	**2013**	**2012**	**2011**
Excess (deficiency) of revenues over expenditures	2,456,455	1,146,139	(277,767)	(2,802,512)	(1,441,407)
Other financing sources (uses):					
Obligations under capital lease	-	-	-	-	197,900
Special assessment bonds issued	-	-	-	-	-
Proceeds from the sale of capital assets	-	-	349,025	-	-
Transfers in	2,120,497	3,267,001	3,417,672	3,047,349	2,936,992
Transfers out	(1,283,723)	(2,121,065)	(2,433,336)	(3,110,320)	(2,237,073)
Insurance recovery	500,000	-	-	-	-
Total other financing sources (uses)	1,336,774	1,145,936	1,333,361	(62,971)	897,819
Changes in fund balances	$ 3,793,229	$ 2,292,075	$ 1,055,594	$ (2,865,483)	$ (543,588)

	2010	**2009**	**2008**	**2007**	**2006**
Excess (deficiency) of revenues over expenditures	(3,389,605)	(1,085,326)	(855,989)	(3,126,651)	(4,015,595)
Other financing sources (uses):					
Obligations under capital lease	-	-	453,600	-	-
General obligation bonds issued	-	-	-	-	2,850,000
Special assessment bonds issued	-	3,880,000	-	114,707	6,325,000
Proceeds from the sale of capital assets	-	-	-	2,000,000	-
Premium on sale of bonds	-	-	-	-	130,425
Transfers in	3,557,643	4,596,935	3,095,978	4,270,883	2,905,740
Transfers out	(2,920,992)	(3,710,161)	(2,537,820)	(3,118,119)	(2,456,080)
Total other financing sources (uses)	636,651	4,766,774	1,011,758	3,267,471	9,755,085
Changes in fund balances	$ (2,752,954)	$ 3,681,448	$ 155,769	$ 140,820	$ 5,739,490

Source: The source of this information is the City's financial records

CITY OF KINGMAN, ARIZONA
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

	Overlapping Rates				
Fiscal Year Ended June 30	**City of Kingman**	**City of Kingman Hospitality**	**City of Kingman Restaurant/Bar**	**Mohave County**	**Arizona State**
2015	2.50	4.00	1.00	0.25	5.60
2014	2.50	4.00	1.00	0.25	5.60
2013	2.00	4.00	2.00	0.25	6.60
2012	2.00	4.00	2.00	0.25	6.60
2011	2.00	4.00		0.25	6.60
2010	2.00	4.00		0.25	6.60
2009	2.00	2.00		0.25	5.60
2008	2.00	2.00		0.25	5.60
2007	2.00	2.00		0.25	5.60
2006	2.00	2.00		0.25	5.60

Source: The source of this information is the Arizona Department of Revenue.
Note: The City of Kingman Restaurant/Bar tax began in the fiscal year ended 2012, therefore information prior to 2012 is not presented.

CITY OF KINGMAN, ARIZONA
Taxable Sales by Category
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	2015	**2014**	**2013**	**2012**	**2011**
Construction	$ 928,105	$ 1,111,314	$ 629,605	$ 639,713	$ 705,221
Manufacturing	280,964	251,667	237,434	238,510	230,986
Transportation, Communications and Utilities	829,954	834,372	457,619	675,308	707,440
Wholesale Trade	569,261	572,132	408,394	440,940	451,072
Retail Trade	8,181,831	7,630,657	6,066,455	5,876,279	5,600,574
Restaurants and Bars	2,486,514	2,397,855	2,350,096	1,683,031	1,186,983
Finance Insurance and Real Estate	703,096	725,086	635,710	588,454	697,416
Hotels and Other Lodging	1,237,862	1,180,613	1,050,076	1,115,913	1,163,676
Services	584,208	536,521	513,896	433,964	379,871
Arts, Entertainment, Government and All Others Not Specified	301,480	244,202	188,700	219,374	141,495
Total	$ 16,103,275	$ 15,484,419	$ 12,537,985	$ 11,911,486	$ 11,264,734

	2010	**2009**	**2008**	**2007**	**2006**
Construction	$ 1,204,811	$ 1,419,917	$ 1,132,750	$ 1,586,084	$ 2,231,440
Manufacturing	370,772	283,793	340,977	475,834	434,644
Transportation, Communications and Utilities	679,552	620,639	645,208	619,258	613,590
Wholesale Trade	462,183	444,032	614,780	631,538	653,994
Retail Trade	5,574,966	6,142,681	6,994,596	7,439,939	7,491,628
Restaurants and Bars	1,138,191	1,165,015	1,139,837	1,114,941	1,083,975
Finance Insurance and Real Estate	625,439	626,006	633,877	610,601	621,219
Hotels and Other Lodging	824,189	705,129	771,648	765,665	702,596
Services	494,812	402,171	508,895	539,178	532,846
Arts, Entertainment, Government and All Others Not Specified	273,508	215,027	207,934	287,363	211,986
Total	$ 11,648,423	$ 12,024,410	$ 12,990,502	$ 14,070,401	$ 14,577,918

Source: The source of this information is the City's financial records.

CITY OF KINGMAN, ARIZONA
Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities				Business-Type Activities				
Fiscal Year Ended June 30	Excise Tax Revenue Bonds	Special Assessment Bonds	Capital Leases	Loans Payable	Capital Leases	Loans Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2015	1,190,000	4,580,189	413,478	-	491,499	38,838,745	45,513,911	0.05%	1,598
2014	2,220,000	5,868,850	425,120	-	637,680	41,049,491	50,201,141	0.06%	1,772
2013	2,810,000	7,084,129	568,144	-	775,833	43,186,134	54,424,240	0.05%	1,921
2012	3,295,000	8,237,045	703,024	-	906,399	43,574,689	56,716,157	0.05%	2,021
2011	3,745,000	9,328,616	830,225	350,000	1,029,795	36,518,174	51,801,810	0.05%	1,729
2010	4,160,000	10,364,859	764,278	700,000	1,146,417	28,784,054	45,919,608	0.06%	1,523
2009	4,975,000	11,217,205	837,756	1,100,000	1,256,634	7,307,221	26,693,816	0.10%	868
2008	5,745,000	8,153,036	907,200	1,550,000	1,360,800	4,395,714	22,111,750	0.12%	717
2007	6,470,000	8,931,270	-	2,000,000	-	2,292,115	19,693,385	0.13%	659
2006	7,005,000	9,609,622	-	-	-	2,706,300	19,320,922	0.12%	690

Source: The source of this information is the City's financial records

CITY OF KINGMAN, ARIZONA
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2015:	
Secondary assessed valuation	$ 178,056,208
Debt limit (6% of assessed value)	10,683,372
Debt applicable to limit	1,190,000
Legal debt margin	$ 9,493,372

	Fiscal Year Ended June 30				
	2015	**2014**	**2013**	**2012**	**2011**
Debt limit equal to 6% of assessed valuation	$ 10,683,372	$ 11,279,799	$ 11,854,935	$ 15,803,800	$ 18,580,084
Total net debt applicable to limit	1,190,000	2,220,000	2,810,000	3,295,000	3,745,000
Legal debt margin	$ 9,493,372	$ 9,059,799	$ 9,044,935	$ 12,508,800	$ 14,835,084
Total net debt applicable to the limit as a percentage of debt limit	11%	20%	24%	21%	20%
	2010	**2009**	**2008**	**2007**	**2006**
Debt limit equal to 6% of assessed valuation	$ 18,689,250	$ 20,061,270	$ 14,810,118	$ 11,675,549	$ 9,564,761
Total net debt applicable to limit	4,160,000	2,945,000	3,500,000	4,025,000	4,370,000
Legal debt margin	$ 14,529,250	$ 17,116,270	$ 11,310,118	$ 7,650,549	$ 5,194,761
Total net debt applicable to the limit as a percentage of debt limit	22%	15%	24%	34%	46%

Source: The source of this information is the City's financial records
Note: The City has not debt applicable to the 20% debt limit of $35,611,242

CITY OF KINGMAN, ARIZONA
Direct and Overlapping Governmental Activities Debt
June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to the City	Estimated Amount Applicable to the City
Kingman Unified School District	$ 67,015,000	37.27%	$ 24,974,258
Subtotal, Overlapping Debt			24,974,258
Direct:			
City of Kingman, AZ			6,183,667
Total Direct and Overlapping Governmental Activities Debt			$ 31,157,925

DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS

Net Direct General Obligation Bonded Debt	
As a Percentage of Net Secondary Assessed Valuation	0.67%
Net Direct and Overlapping General Bonded Debt	
Per Capita	1,094
As a Percentage of Net Secondary Assessed Valuation	17.50%
As a Percentage of Estimated Actual Value (Full Cash Value)	1.50%

Source:
The source of this information is the City's records and the State and County Abstract of the Assessment Roll, Arizona Department of Revenue and the applicable governmental unit.

Notes:
Outstanding debt as of June 30, 2014 is presented for the overlapping governments as this is the most recent available information.

The estimated percentage of debt outstanding applicable to the City is calculated based on the City's secondary assessed valuation as a percentage of the secondary assessed valuation of the overlapping jurisdiction.

CITY OF KINGMAN, ARIZONA
Pledged Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Excise Tax Revenue Bonds										
Excise Tax Revenue	22,902,512	22,493,084	20,295,258	18,344,361	18,106,118	19,359,466	21,228,915	22,896,032	23,567,269	22,598,686
Debt Service										
Principal	210,000	820,000	590,000	485,000	450,000	460,125	445,750	436,125	421,125	255,875
Interest	57,813	97,244	123,819	145,219	164,713	17,188	146,875	157,200	167,400	65,875
Total Annual Requirement	267,813	917,244	713,819	630,219	614,713	477,313	592,625	593,325	588,525	321,750
Estimated Coverage	85.5	24.5	28.4	29.1	29.5	40.6	35.8	38.6	40.0	70.2
Water Infrastructure Financing Authority (WIFA) Loans										
Wastewater Utility Revenue	8,736,834	7,268,798	5,905,330	3,544,586	2,945,758	1,745,223	1,927,194			
Debt Service										
Principal	2,210,748	2,136,643	2,154,752	1,956,193	1,415,635	-	-			
Interest	1,423,312	1,497,417	1,542,839	1,365,941	653,395	305,760	50,956			
Total Annual Requirement	3,634,060	3,634,060	3,697,591	3,322,134	2,069,030	305,760	50,956			
Estimated Coverage	2.4	2.0	1.6	1.1	1.4	5.7	37.8			

Source: The source of this information is the City's financial records

Notes: 1) Only five years are presented, as the WIFA Loans were entered into during fiscal year 2008-09.

2) WIFA waived the City's rate covenant requirement for the fiscal year 2011-12 based on projections made at the time the agreement for Loan 910149-11 was executed.

CITY OF KINGMAN, ARIZONA
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Income	Unemployment Rate
2014	28,476	5,633,946	27,704	8.8
2013	28,336	5,601,076	27,971	10.8
2012	28,029	5,534,671	27,220	11.4
2011	28,068	$ 5,290,530	$ 26,145	13.1
2010	28,055	5,249,000	25,165	12.7
2009	27,823	5,101,000	28,018	11.1
2008	27,766	5,124,115	26,197	7.0
2007	26,917	4,682,940	23,908	4.4
2006	25,304	4,512,952	23,548	4.5
2005	23,838	4,115,919	22,055	2.8

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis.
The source of the "Population" information is the State of Arizona, Department of Administration.
The source of "Unemployment Rate" information is the State of Arizona, Department of Economic Security.

CITY OF KINGMAN, ARIZONA
Principal Employers
Current Fiscal Year and Fiscal Year Ten Years Ago

	2015		2006	
Employer	**Employees**	**Percentage of Total Employment**	**Employees**	**Percentage of Total Employment**
Kingman Regional Medical Center	1,800	14.92 %	1,200	8.38 %
Mohave County	1,325	10.98	1,147	8.01
Kingman Unified School District No. 20	985	8.16	881	6.15
Mohave Community College	700	5.80	197	1.38
American Woodmark Corporation	550	4.56	650	4.54
City of Kingman	332	2.75	262	1.83
State of Arizona	278	2.30	278	1.94
Citizens Utilities (Unisource)	112	0.93	450	3.14
Laron, Inc.	110	0.91	110	0.77
TruServ	75	0.62	85	0.59
Total	6,267	51.94 %	5,260	36.72 %
Total Employment	12,066		14,324	

Sources: 1) The source of the 2006 and 2015 employee figures is City of Kingman Planning and Zoning and an individual employer survey.
2) The source of the total employment figures is the Arizona Commerce Authority.

CITY OF KINGMAN, ARIZONA
Full-Time Equivalent Government Employees by Function/Program
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30				
	2015	**2014**	**2013**	**2012**	**2011**
General Government					
City Administration	8	8	8	8	8
Human Resources	4.5	4	4	4	4
City Clerk	3	3	3	4	4
City Attorney	6	6	6	6	7
Municipal Court	8.5	8.5	8.5	8.5	8.5
Finance	13	13	13	13	13
Total general government	43	42.5	42.5	43.5	44.5
Public Safety					
Police	70	70	70	70	84
Dispatch Center	16	16	16	16	0
Firefighters	52	52	52	52	52
Total public safety	138	138	138	138	136
Public Works					
Engineering	15	14	15	15	15
Others	37	37	37	38	41
Total public works	52	51	52	53	56
Parks and Recreation	33	33	33	34.5	34.75
Information Technology	7	7	7	7	7
City Development	10	11	12	11	14
Sanitation	17	17	17	17	17
Water and Wastewater	32	32	31	30	30
Total support and administration	99	100	100	99.5	102.75
Total	332	331.5	332.5	334	339.25

(Continued)

CITY OF KINGMAN, ARIZONA
Full-Time Equivalent Government Employees by Function/Program
Last Ten Fiscal Years

Full-time Equivalent Employees as of June 30				
2010	**2009**	**2008**	**2007**	**2006**
9	9	10	12	9
4	4	4.5	5	4
4	4	3	3	3
7	7	7	7	6
9	9	9	9	8
14	14	14	14	12
47	47	47.5	50	42
87	87	87	87	83
0	0	0	0	0
56	56	59	59	56
143	143	146	146	139
22	21.75	21.75	23	23
45	44	44.5	44	40
67	65.75	66.25	67	63
39.75	39.75	39.75	40	40
7	7	7	7	6
18	19	20	21	24
17	17	17	17	15
32	33	30	30	30
113.75	115.75	113.75	115	115
370.75	371.5	373.5	378	359

Source: The source of this information is the City's financial records

(Concluded)

CITY OF KINGMAN, ARIZONA
Capital Assets Statistics by Function
Last Ten Fiscal Years

	Fiscal Year Ended June 30										
Function	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Public Safety											
Police stations	1	1	1	1	1	1	1	1	1	1	1
Police vehicles	84	87	85	80	78	74	74	78	78	67	62
Fire stations	4	4	4	4	4	4	4	4	4	4	4
Fire vehicles	33	30	29	27	27	27	27	28	28	27	24
Streets											
Streets (miles)	224	224	224	215	215	215	215	215	215	215	215
Streetlights	851	851	851	851	851	851	851	851	851	851	848
Traffic signals	24	24	24	24	24	24	20	20	18	17	16
Solid Waste											
Collection trucks	25	26	26	25	23	23	21	21	19	18	17
Parks and Recreation											
Parks developed	13	13	13	13	13	13	13	13	13	13	12
Parks acreage	146	146	146	146	146	146	146	146	146	146	144
Swimming pools	2	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	4	1	4	4	4	4	4	4
Community centers	1	1	1	1	1	1	1	1	1	1	1
Golf courses	1	1	1	1	1	1	1	1	1	1	1
Water											
Water mains (miles)	564	564	564	564	564	564	564	564	562	560	555
Fire hydrants	2,485	2,485	2,485	2,485	2,485	2,485	2,485	2,485	2,485	2,218	2,215
Wastewater											
Sanitary sewers (miles)	199	199	199	199	199	199	199	198	191	134	130
Manholes	2,997	2,997	2,997	2,997	2,997	2,997	2,997	2,997	2,885	1,842	1,839

Source: The source of this information is the City's facilities records.

CITY OF KINGMAN, ARIZONA
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year Ended June 30				
	2015	2014	2013	2012	2011
Governmental Activities					
General Government					
Business licenses issued	2,052	2,585	2,430	2,441	2,825
Voters served	17,072	17,000	15,966	16,000	17,000
Public records requests	86	55	46	46	50
Prosecutions	1,216	1,300	1,203	1,300	1,300
Legal opinions	80-100	50-70	50-70	40-50	40-50
Civil litigation	7	5	5	3-7	2-5
Case filings	3,700	3,600	3,600	5,600	5,600
Case terminations	852	850	724	6,000	6,000
Computers installed and supported	295	295	295	295	295
Phones installed and supported	244	244	244	244	244
Public Safety					
Total calls for service	35,366	40,000	40,000	40,453	31,911
Total arrests	3,879	2,900	2,900	3,153	3,117
Traffic accidents	1,004	950	950	996	999
Alarm runs	541	650	650	715	794
VIP program - volunteers	13	20	20	14	14
Clearance Rate - Part I offenses	71%	75%	75%	70%	60%
Clearance Rate - Part II offenses	71%	75%	75%	70%	60%
Response Time - Under 5 min. emergency		80%	80%	N/A	69%
Response Time - Under 8 min. non-emergency		70%	70%	N/A	61%
Fire inspections	1,760	1,875	1,850	2,129	2,100
Plan reviews - fire	322	170	180	160	144
Public education programs - fire	409	250	245	245	257
Highway & Streets					
Paved streets maintained (miles)	230	208	208	208	208
Dirt streets maintained (miles)	20	16	16	16	16
Traffic signals maintained	27	24	24	17	18
Street lights maintained	851	851	851	850	850
Culture and Recreation					
Acres of ground maintained	268	269	269	269	269
Miles of medians and trails maintained	15.0	16.5	15.5	15.5	15.5
Number of sites maintained	18	20	20	19	19
Business-type Activities					
Water					
Acre feet of water pumped	7,988	7,995	7,995	7,963	7,895
Number of meters	20,430	19,813	19,813	19,763	19,723
Percentage of water loss	17%	11%	11%	9%	4%
Wastewater					
Total influent Hilltop WWPT (gallons)	578,000,000	528,000,000	528,000,000	569,430,000	547,000,000
Total influent Downtown WWTP (gallons)	85,800,000	96,000,000	96,000,000	76,322,000	113,150,000
Number of sewer lines cleaned/televised (feet)	400,500	375,000	375,000	457,800	325,000
Sanitation					
Landfill tonage	22,466	22,500	21,598	22,104	21,614
Number of landfill trips	3,996	3,700	3,631	3,623	3,536
Number of residential accounts	10,524	10,063	9,918	10,075	9,899
Number of commercial accounts	921	906	924	910	925

(Continued)

CITY OF KINGMAN, ARIZONA
Operating Indicators by Function/Program
Last Ten Fiscal Years

	Fiscal Year Ended June 30				
	2010	2009	2008	2007	2006
Governmental Activities					
General Government					
Business licenses issued	2,892	2,392	2,704	2,250	2,109
Voters served	19,000	18,000	17,528	14,124	14,485
Public records requests	210	156	102	76	N/A
Prosecutions	1,150	1,020	1,200	1,300	1,300
Legal opinions	40-50	40-50	30-40	40	40
Civil litigation	3-7	2-5	4	5-10	5-15
Case filings	5,580	5,073	4,612	5,100	N/A
Case terminations	6,132	5,575	5,068	6,000	N/A
Computers installed and supported	295	295	290	271	N/A
Phones installed and supported	244	244	232	200	N/A
Public Safety					
Total calls for service	32,000	29,161	31,313	37,000	35,000
Total arrests	3,300	3,136	3,512	3,300	3,200
Traffic accidents	1,200	1,139	1,253	1,500	1,500
Alarm runs	900	892	979	1,500	3,000
VIP program - volunteers	20	15	3	8	N/A
Clearance Rate - Part I offenses	65%	63%	63%	65%	N/A
Clearance Rate - Part II offenses	65%	63%	63%	65%	N/A
Response Time - Under 5 min. emergency	70%	45%	45%	70%	N/A
Response Time - Under 8 min. non-emergency	60%	51%	51%	60%	N/A
Fire inspections	2,100	1,950	2,299	1,986	1,839
Plan reviews - fire	150	120	326	2,390	2,214
Public education programs - fire	150	200	222	180	167
Highway & Streets					
Paved streets maintained (miles)	208	208	204	204	188
Dirt streets maintained (miles)	16	17	17	17	19
Traffic signals maintained	17	17	17	17	17
Street lights maintained	850	850	850	850	750
Culture and Recreation					
Acres of ground maintained	269	268	263	263	260
Miles of medians and trails maintained	15.5	15.0	14.5	15	13
Number of sites maintained	19	19	18	18	17
Business-type Activities					
Water					
Acre feet of water pumped	7,982	8,235	9,082	8,677	9,497
Number of meters	19,652	19,652	19,382	19,382	19,382
Percentage of water loss	N/A	4.79	5.80	7.70	6.70
Wastewater					
Total influent Hilltop WWPT (gallons)	575,000,000	555,440,000	549,449,000	668,239,000	557,000,000
Total influent Downtown WWTP (gallons)	113,150,000	113,150,000	113,150,000	113,150,000	113,150,000
Number of sewer lines cleaned/televised (feet)	325,000	325,000	300,000	450,000	350,000
Sanitation					
Landfill tonage	21,560	22,047	23,228	24,470	25,418
Number of landfill trips	3,496	3,649	3,836	3,951	4,110
Number of residential accounts	10,308	9,877	9,777	9,695	9,501
Number of commercial accounts	1,059	926	936	925	896

Source: City of Kingman Adopted Budget performance measures
Notes: N/A indicates that the information is not available.
Information prior to 2006 is not available.

(Concluded)

FEDERAL AND STATE REPORTS

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and
City Council
Kingman, Arizona

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingman, Arizona as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Kingman, Arizona's basic financial statements, and have issued our report thereon dated June 14, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Kingman, Arizona's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Kingman, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City Kingman, Arizona's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

2015-001. Lack of Segregation of Duties Resulting in the Misappropriation of City Assets
2015-002. Year-End Accounting

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies.

2015-003. Capital Asset Management

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Kingman, Arizona's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

City of Kingman, Arizona's Response to Findings

The City of Kingman, Arizona's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Kingman, Arizona's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HintonBurdick, PLLC

HintonBurdick, PLLC
Flagstaff, Arizona
June 14, 2016

HINTONBURDICK
CPAs & ADVISORS

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Independent Auditors' Report on
State Legal Compliance

The Honorable Mayor and
City Council
Kingman, Arizona

We have audited the basic financial statements of the City of Kingman, Arizona for the year ended June 30, 2015, and have issued our report thereon dated June 14, 2016. Our audit also included test work on the City of Kingman's compliance with selected requirements identified in the State of Arizona Revised Statutes and the Arizona State Constitution including, but not limited to, Title 28, Chapter 18, Article 2.

The management of the City of Kingman is responsible for the City's compliance with all requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit; accordingly, we make the following statements:

> The City of Kingman has established separate funds to account for Highway User Revenue funds and Local Transportation Assistance funds. Highway user revenue fund monies received by the City of Kingman pursuant to Title 28, Chapter 18, Article 2 and other dedicated state transportation revenues received during the current fiscal year appear to have been used solely for authorized purposes. The funds are administered in accordance with Generally Accepted Accounting Principles. Sources of revenues available and fund balances are reflected in the individual fund financial statements.
>
> Our opinion regarding the City's compliance with annual expenditure limitations has been issued separately with the City's Annual Expenditure Limitation Report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, The City of Kingman complied, in all material respects, with the requirements identified above for the year ended June 30, 2015.

The purpose of this report is solely to describe the scope of our testing of the applicable compliance requirements identified in the Arizona Revised Statutes as noted above and the results of that testing based on the state requirements. Accordingly, this report is not suitable for any other purpose.

HintonBurdick, PLLC

HintonBurdick, PLLC
Flagstaff, Arizona
June 14, 2016

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CITY OF KINGMAN, ARIZONA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Grantor Agency and Program Title	Federal CFDA Number	Grantor's Number	Expenditures
U.S. Department of Housing and Urban Development			
Passed through Arizona Department of Housing:			
Community Development Block Grant	14.228	136-13	$ 112,486
U.S. Department of Justice			
Passed through Arizona Criminal Justice Commission:			
Edward Byrne Memorial Justice Assistance Grant	16.738	DC-14-046	138,102
Internet Crimes Against Children Task Force (ICAC)	16.800	139968-0	5,000
U.S. Department of Transportation			
Passed through Arizona Department of Transportation:			
Highway Planning and Construction	20.205	TEA-KNG-0(200)A	267,348
Highway Planning and Construction	20.205	KNG-0(205)A	1,535
Highway Planning and Construction	20.205	SB-AZ09(002)	22,735
			291,618
Formula Grants for Rural Areas	20.509	GRT-13-0003861-T GRT-14-0004677-T	348,952
Passed through the Arizona Governor's Office of Highway Safety:			
National Priority Safety Programs	20.616	2014A-405d-001	2,682
U.S. Department of Health and Human Services			
Substance Abuse and Mental Health Services	93.243	SAP-15-006	39,188
Executive Office of the President			
Passed through the City of Tucson, Arizona:			
High Intensity Drug Trafficking Area Program	95.001	HT-13-2311	57,697
High Intensity Drug Trafficking Area Program	95.001	HT-14-2319	53,264
High Intensity Drug Trafficking Area Program	95.001	HT-14-2311	9,490
			120,451
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044	EMW-2012-FV-01623	385
Assistance to Firefighters Grant	97.044	EMW-2013-FO-01357	236,644
			237,029
Homeland Security Grant	97.067	14050X-0X	46,229
Total expenditure of federal awards			$ 1,341,737

Reporting Entity:

The accompanying schedule of expenditures of federal awards presents the activity or expenditure of all federal awards programs of the City of Kingman, Arizona for the year ended June 30, 2015. The City's reporting entity is defined in Note 1 of the basic financial statements. All expenditures of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

Basis of Accounting:

This accompanying schedule of expenditures of federal awards has been prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.*

Subrecipients:

There are no subrecipients.

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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

The Honorable Mayor and City Council
Kingman, Arizona

Report on Compliance for Each Major Program

We have audited the City of Kingman, Arizona's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Kingman, Arizona's major federal programs for the year ended June 30, 2015. The City of Kingman, Arizona's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Kingman, Arizona's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Kingman, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Kingman, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Kingman, Arizona, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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Report on Internal Control Over Compliance

Management of the City of Kingman, Arizona, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Kingman, Arizona's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Kingman, Arizona's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

HintonBurdick, PLLC
Flagstaff, Arizona
June 24, 2016

CITY OF KINGMAN, ARIZONA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness (es) identified?	X yes ____ no
• Significant deficiency (ies) identified that are not considered to be material weaknesses?	X yes ____ none reported
Noncompliance material to financial statements noted?	____ yes X no

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	____ yes X no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ yes X none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	____ yes X no

Identification of major programs.

CFDA Number(s)	Name of Federal Program or Cluster
20.205	Highway Planning and Construction
20.509	Formula Grants for Rural Areas
97.044	Assistance to Firefighters Grant

Dollar threshold used to distinguish between type A and type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	____ yes X no

Section II - Financial Statement Findings

Material Weaknesses:

2015-001. Lack of Segregation of Duties Resulting in the Misappropriation of City Assets

Finding

During fiscal year 2016 it was discovered that over the course of several years, a City employee allegedly misappropriated and estimated $1.2 million dollars of City funds. This activity went undetected due to the lack of internal controls over the City's employee benefit trust bank account and the City's credit cards. The accused employee had sole oversight of the employee benefit trust bank account. In addition, there was no independent secondary review of charges the employee made to a City issued credit card. Although this individual is no longer employed by the City and is being criminally prosecuted, the situation may have been detected and avoided if proper internal controls, including adequate segregation of duties and a fraud detection program, had been in place. The City has received $500,000 from their insurance company and the City will continue to seek additional restitution.

Recommendation

We recommend that management continue their efforts to implement effective internal controls to ensure that City assets are properly safeguarded. An essential component of effective internal controls is adequate segregation of duties. We recommend that the City review all accounting processes to ensure that adequate segregation of duties have been implemented. We further recommend the City establish and implement a fraud prevention program. We will be happy to assist and consult with the City during this process.

Management's Response

Upon notification of the fraudulent activities that had taken place, management reviewed its existing controls and procedures which were determined to be very lacking. Management has since and immediately instituted tighter controls to include multiple levels of reviews over all accounting processes and segregated all banking duties to safeguard the City's assets. Although a written policies and procedures manual was not and is not currently in place, management has been conducting a thorough analysis of the City's processes. As processes, new and existing, are identified, policies and procedures are being formalized and put into place.

2015-002. Year End Accounting

Finding

During our audit, we noted several significant accounting adjustments that were not initially identified by the City's internal controls. Auditing standards indicate that the identification by the auditor of such misstatements in the financial statements may be a weakness in the City's internal controls.

Recommendation

Management has reviewed the journal entries and has discussed them with us to ensure that the City agrees with the entries, and understands the purpose and underlying accounting principles associated with each entry. We recommend that management continue to follow procedures to reduce the number of entries for next year.

Management's Response

The significant accounting adjustments identified by the auditors were adjustments that were not identified by the previous audit firm who the City retained in performing auditing services for fourteen years. During calendar year 2015, the Finance Department experienced a high management turnover; most of which was unrelated to the fraudulent activity circumstances. The new Finance Department management team had to rely heavily upon the previous management's and auditor's reviews when conducting their own review of the FY2015 financial statements. During the FY2015 audit, it became apparent that the previous auditors did not identify such misstatements in the prior years' audits. Management has taken the necessary steps to remedy such significant accounting adjustments going forward by conducting a thorough review of accounting processes in place, identifying the processes and entries where accounting principles are not followed, and making the necessary adjustments to remain in accordance with generally accepted accounting principles.

Significant Deficiencies:

2015-003. Capital Asset Management

Finding

We noted the following regarding capital asset management:

1. A capital asset inventory was not taken during the year.
2. Several capital asset additions were not initially identified by management.

Increased oversight and better management of capital assets can help safeguard assets from misappropriation and help ensure they are reported correctly in the financial statements.

Recommendation

We recommend (i) a capital asset inventory be performed yearly, (ii) the results of the inventory should be used to update the depreciation schedules, and (iii) the depreciation schedules should be reconciled yearly to the general ledger. We also recommend a thorough review of expense accounts be performed to ensure all capital assets have been identified and added to the City's capital asset schedules.

Management's Response

Capital assets were the primary responsibility of the former Budget Analyst, who was terminated for fraudulent activities in late 2015. Hiring and training a replacement to manage the capital assets in unfamiliar software and tracking system was hindering. Although several capital assets were not identified, management believes the materiality of such assets is insignificant as a whole. However, management firmly believes that such omission is unacceptable and will be conducting capital asset audits with the City departments after 60 days following FY2016 year-end to ensure proper recordkeeping and management of capital assets going forward.

Section III - Federal Award Findings and Questioned Costs

No significant matters were noted.

Section IV – Summary of Prior Year Findings and Questioned Costs

No significant matters were noted.

City of Kingman, AZ
Fiscal Year 2015
Audit Presentation

Presented July 19, 2016

HINTONBURDICK
CPAs & ADVISORS

Audit Reports

- **Independent Auditors Report**
  - Unmodified or "clean opinion"
- **Report on Compliance and on Internal Control over Financial Reporting**
  - Two material weaknesses noted.
    - Lack of Segregation of Duties Resulting in Misappropriation of City Assets
    - Year End Accounting
  - One significant deficiency noted.
    - Capital Asset Management

Audit Reports

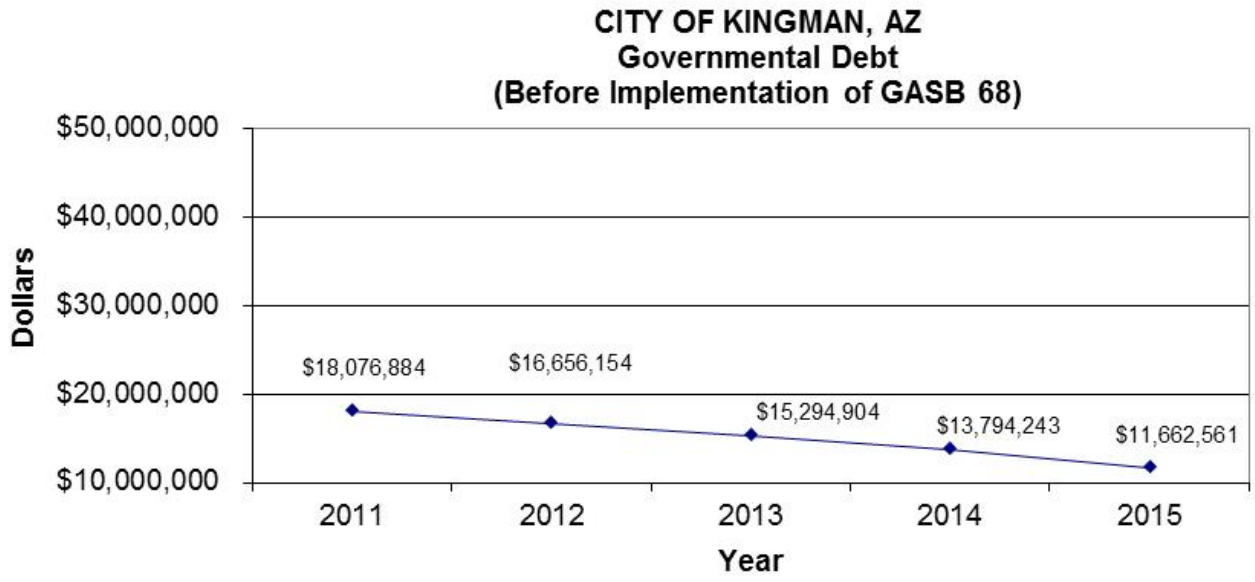
- **State Compliance Report**
  - Unmodified or "clean opinion"
  - No compliance related findings were issued.
- **Federal Single Audit Report**
  - Unmodified or "clean opinion"
  - No findings noted which are required to be reported in accordance with Circular A-133.

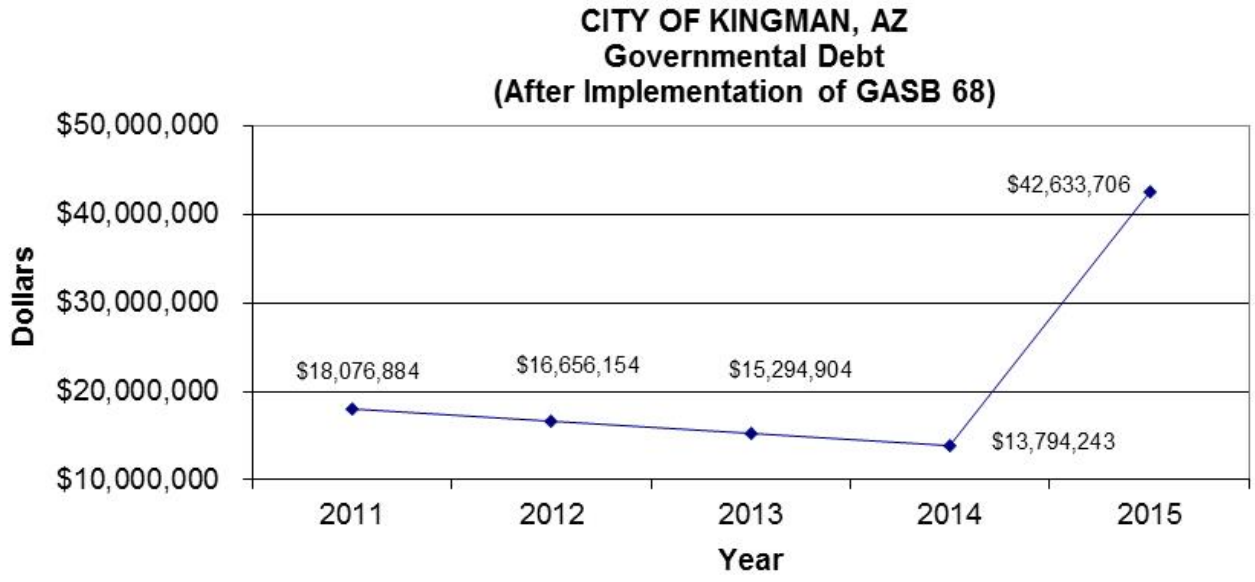
Government Wide Financial Highlights

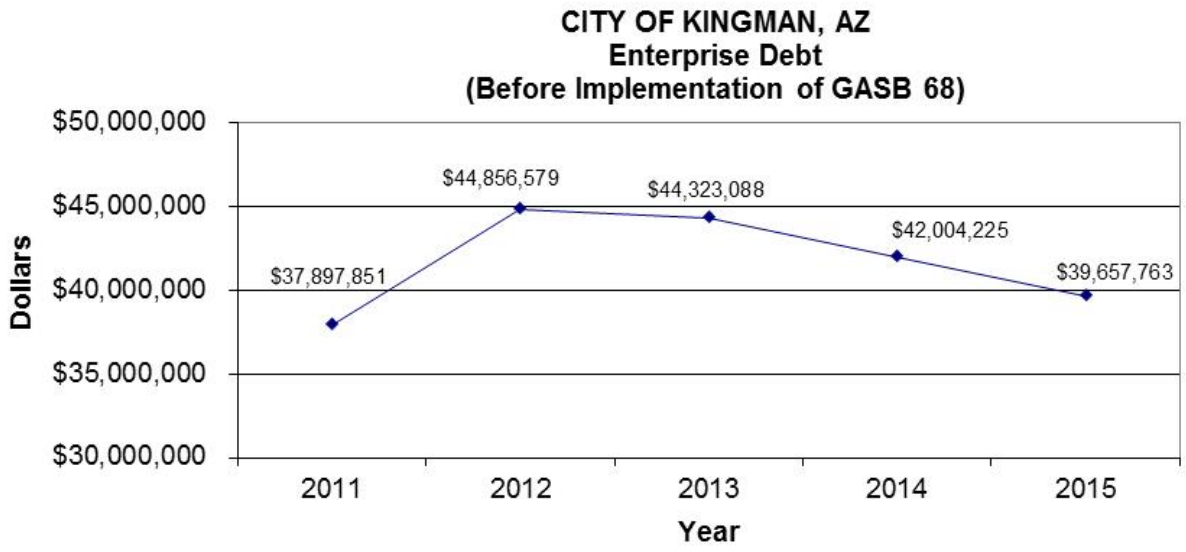
- Total net position (equity) was $115,728,420 at June 30, 2015.
- Over time, increases or decreases in net position are an indicator of whether the financial health of the City is improving or deteriorating.

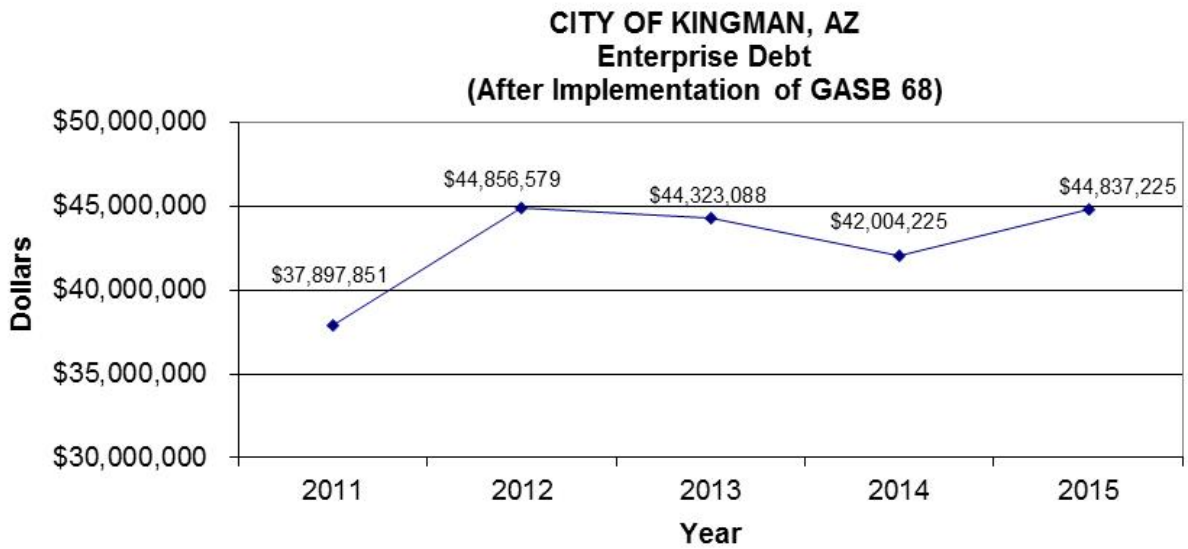
Government Wide Financial Highlights

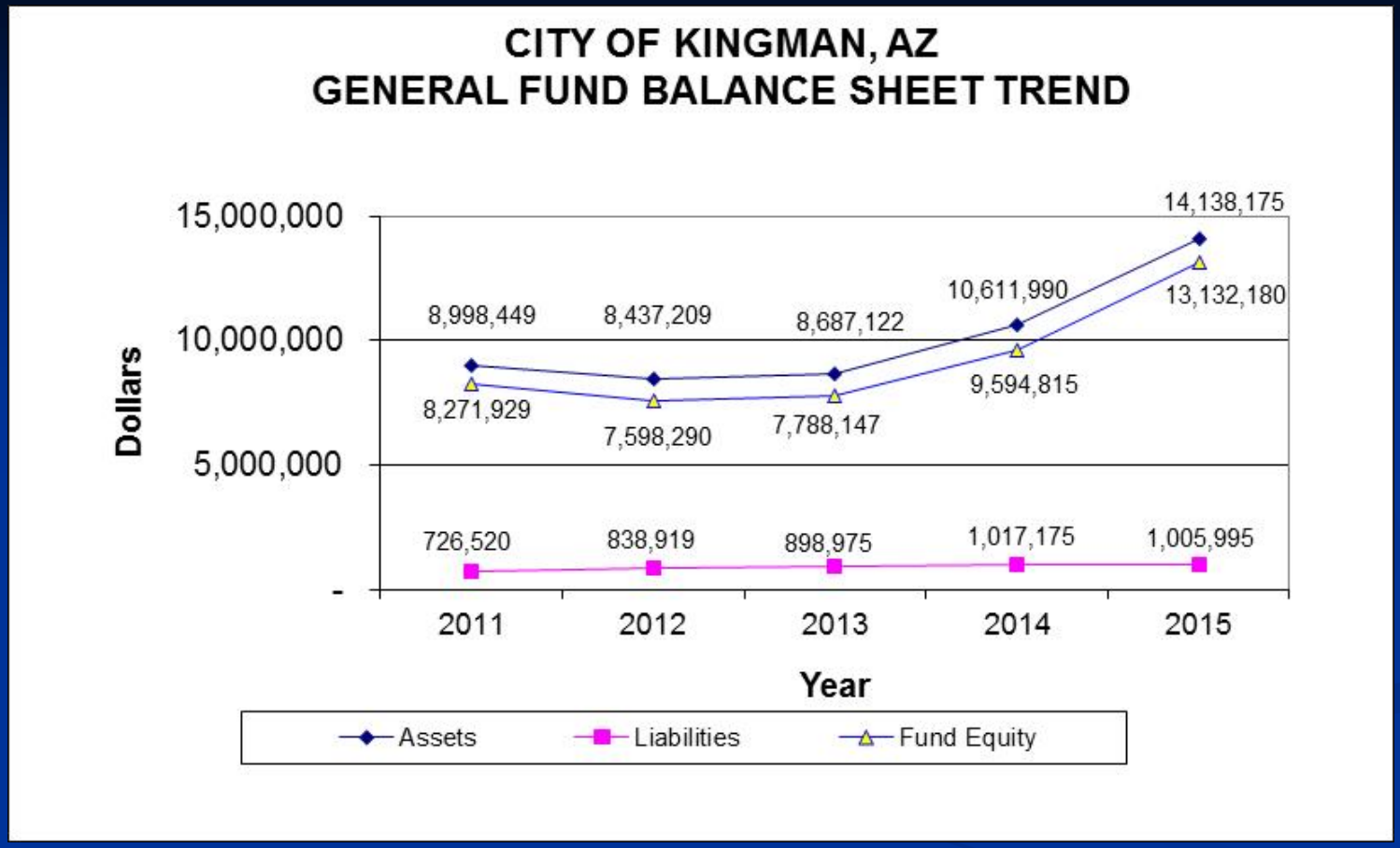
- The City was required to implement GASB statement no. 68 in fiscal year 2015.
  - GASB 68 required the City to report its proportionate share of its net pension liability.
- Prior to the implementation of GASB statement no. 68, net position increased by $7,675,263.
  - GASB 68 required an adjustment to beginning net position (a reduction) of $32,752,690.
  - This, along with a prior period adjustment relating to development fees, resulted in an overall decrease in net position from the prior year of $23,083,427.


CITY OF KINGMAN, AZ
Governmental Debt
(Before Implementation of GASB 68)
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
Dollars
$18,076,884
$16,656,154
$15,294,904
$13,794,243
$11,662,561
2011
2012
2013
2014
2015
Year

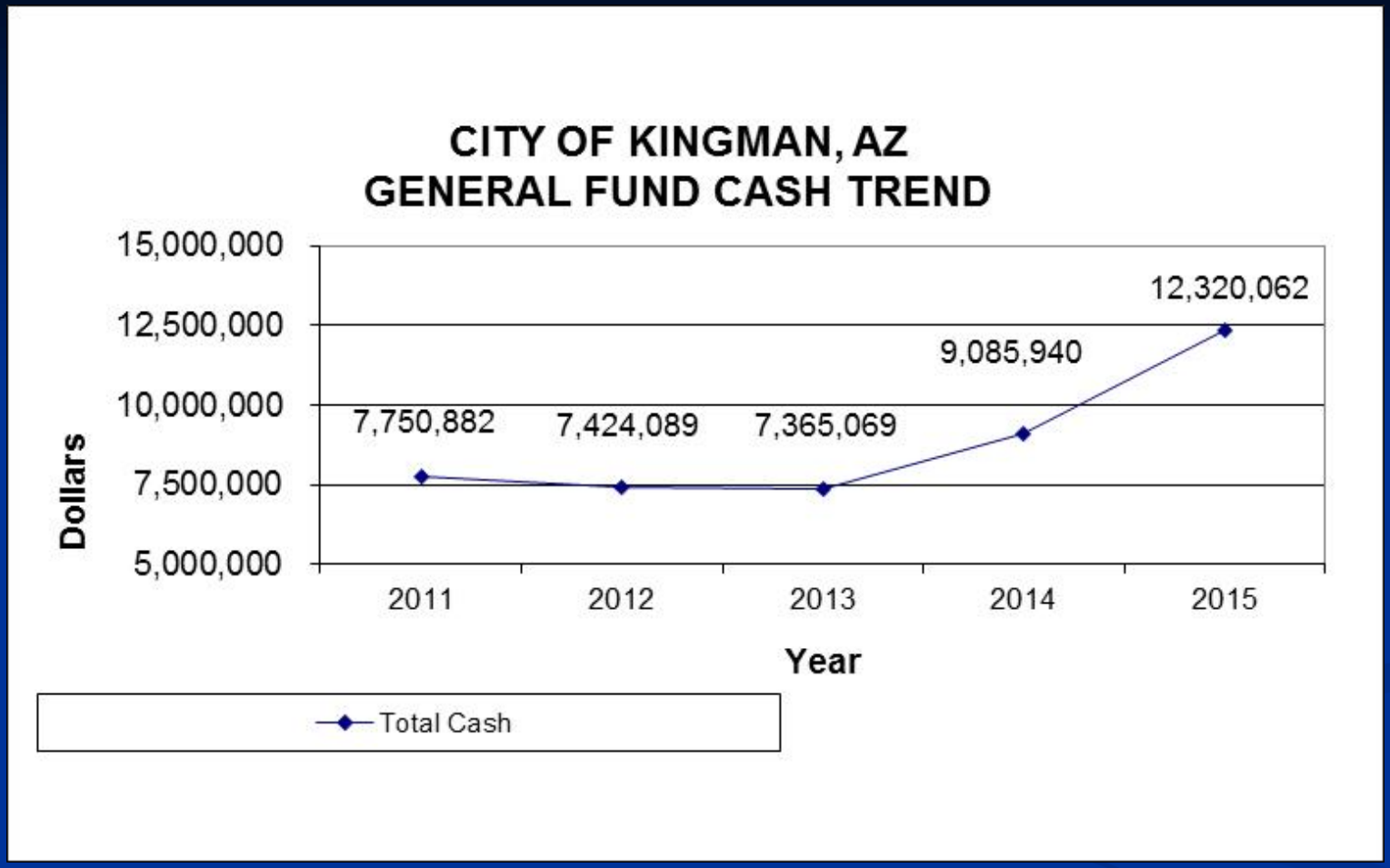

CITY OF KINGMAN, AZ
Governmental Debt
(After Implementation of GASB 68)
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
Dollars
$42,633,706
$18,076,884
$16,656,154
$15,294,904
$13,794,243
2011
2012
2013
2014
2015
Year


CITY OF KINGMAN, AZ
Enterprise Debt
(Before Implementation of GASB 68)
$50,000,000
$45,000,000
$40,000,000
$35,000,000
$30,000,000
Dollars
$37,897,851
$44,856,579
$44,323,088
$42,004,225
$39,657,763
2011
2012
2013
2014
2015
Year

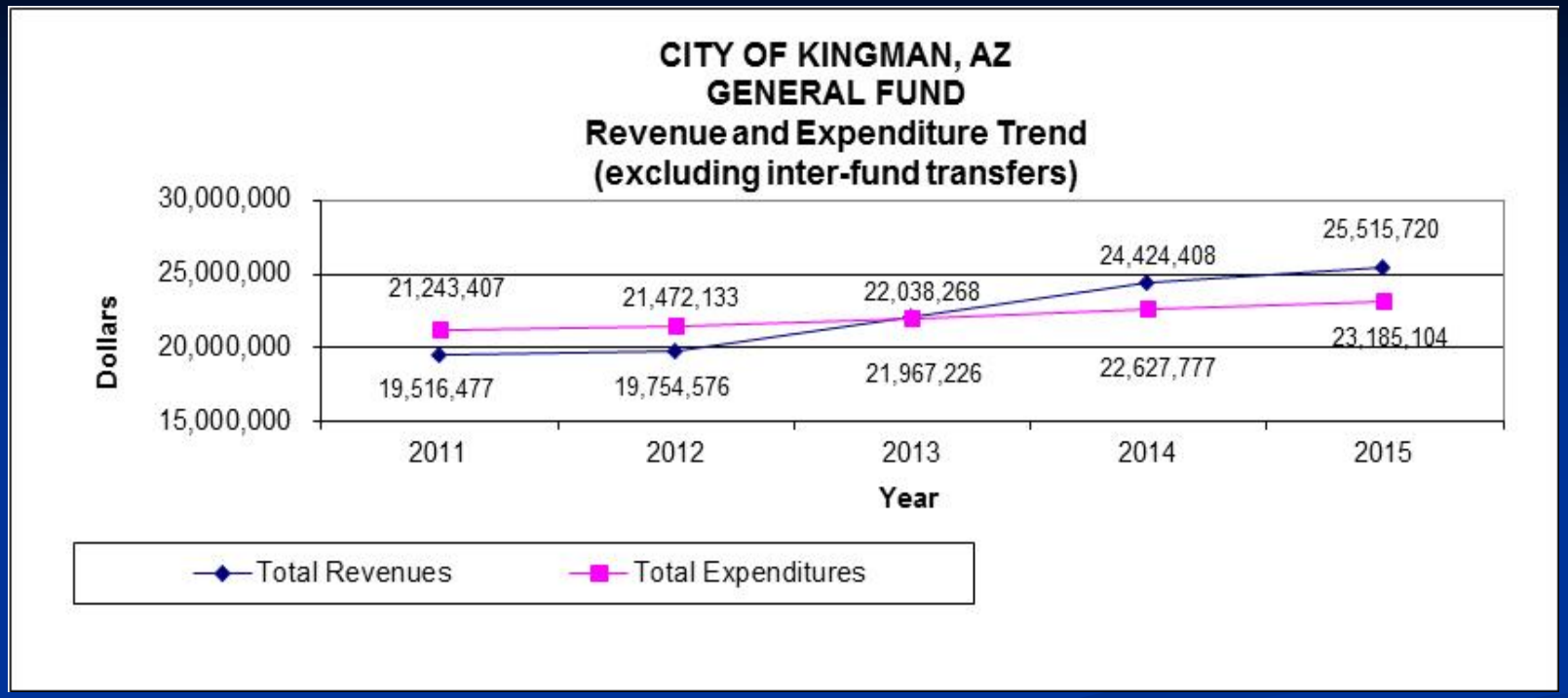

CITY OF KINGMAN, AZ
Enterprise Debt
(After Implementation of GASB 68)
$50,000,000
$45,000,000
$40,000,000
$35,000,000
$30,000,000
Dollars
$37,897,851
$44,856,579
$44,323,088
$42,004,225
$44,837,225
2011
2012
2013
2014
2015
Year



The General Fund continues to show a healthy fund balance. Over the past three years fund balance has increased $4.9 million. (Keep in mind that fund balance represents equity based on a current measurement focus, i.e., capital assets and long-term debt are not considered)



The General Fund shows a healthy cash balance. Just as with the General Fund's fund balance, the cash balance has increased over the past three years.

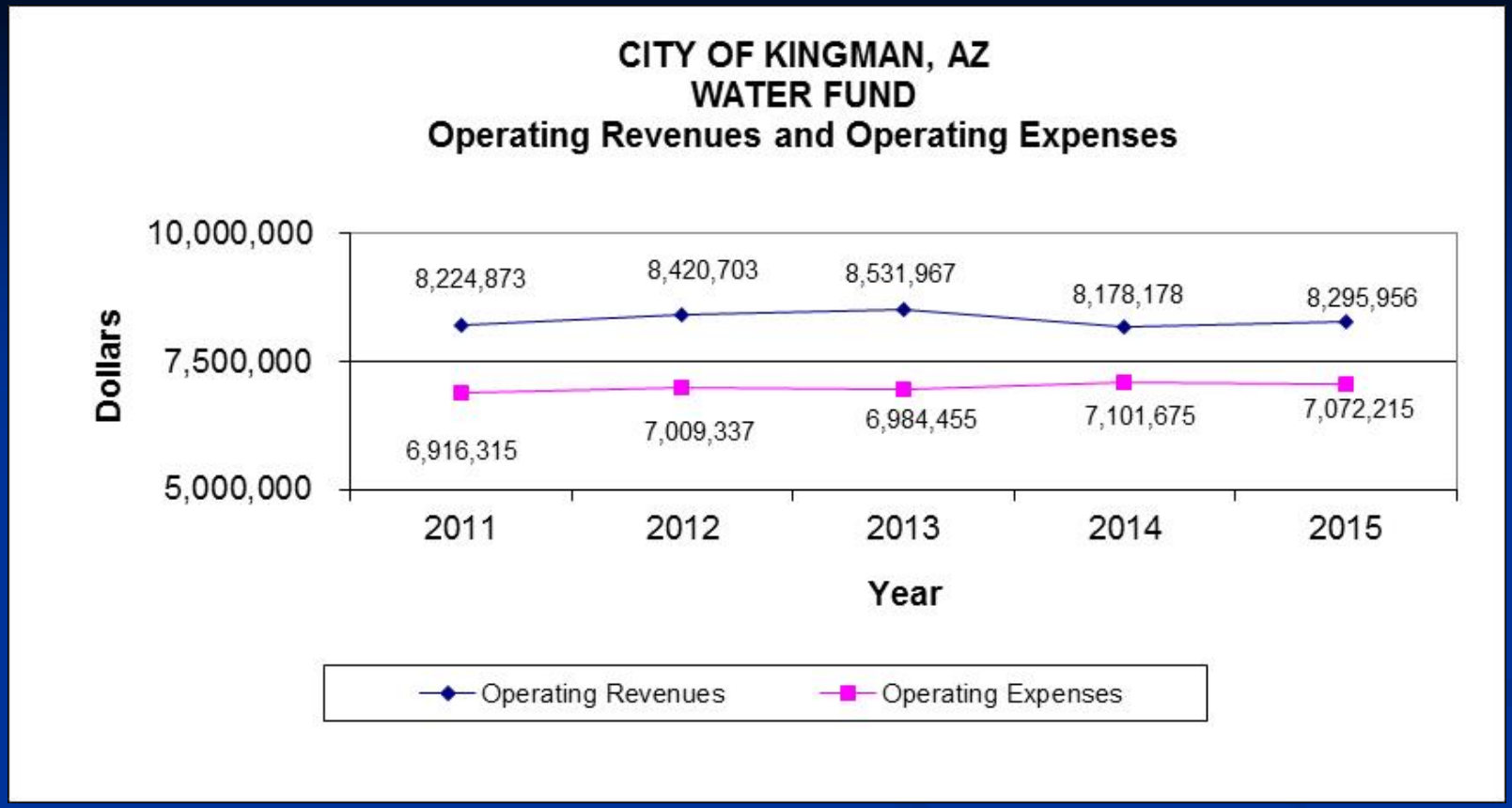


The General Fund's revenues and expenditures are normally expected to break even over time.

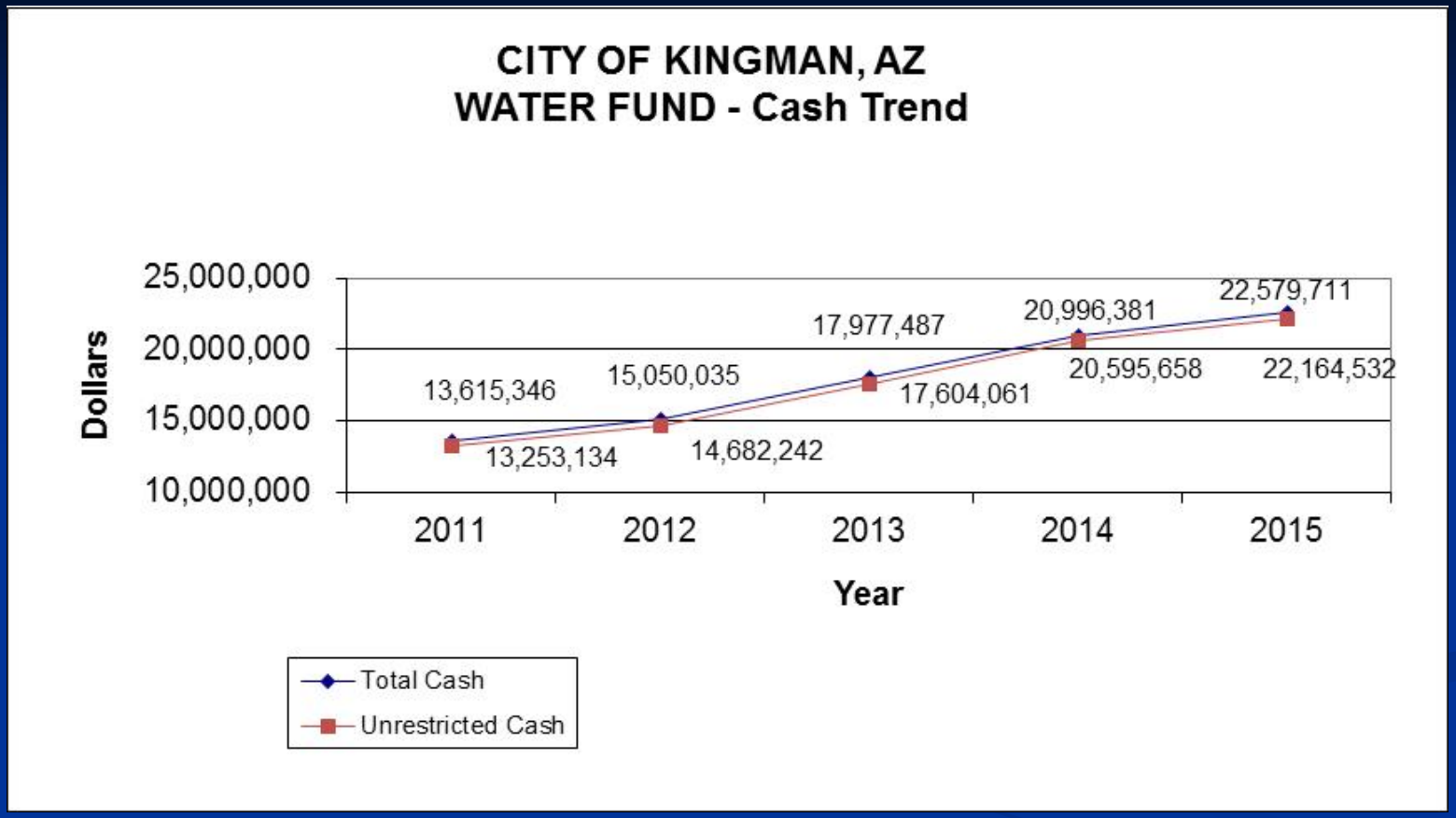
From 2011 – 2012 expenditures exceeded revenues. This trend has changed and fiscal years 2013, 2014, and 2015 are showing revenues in excess of expenditures.

Enterprise Funds

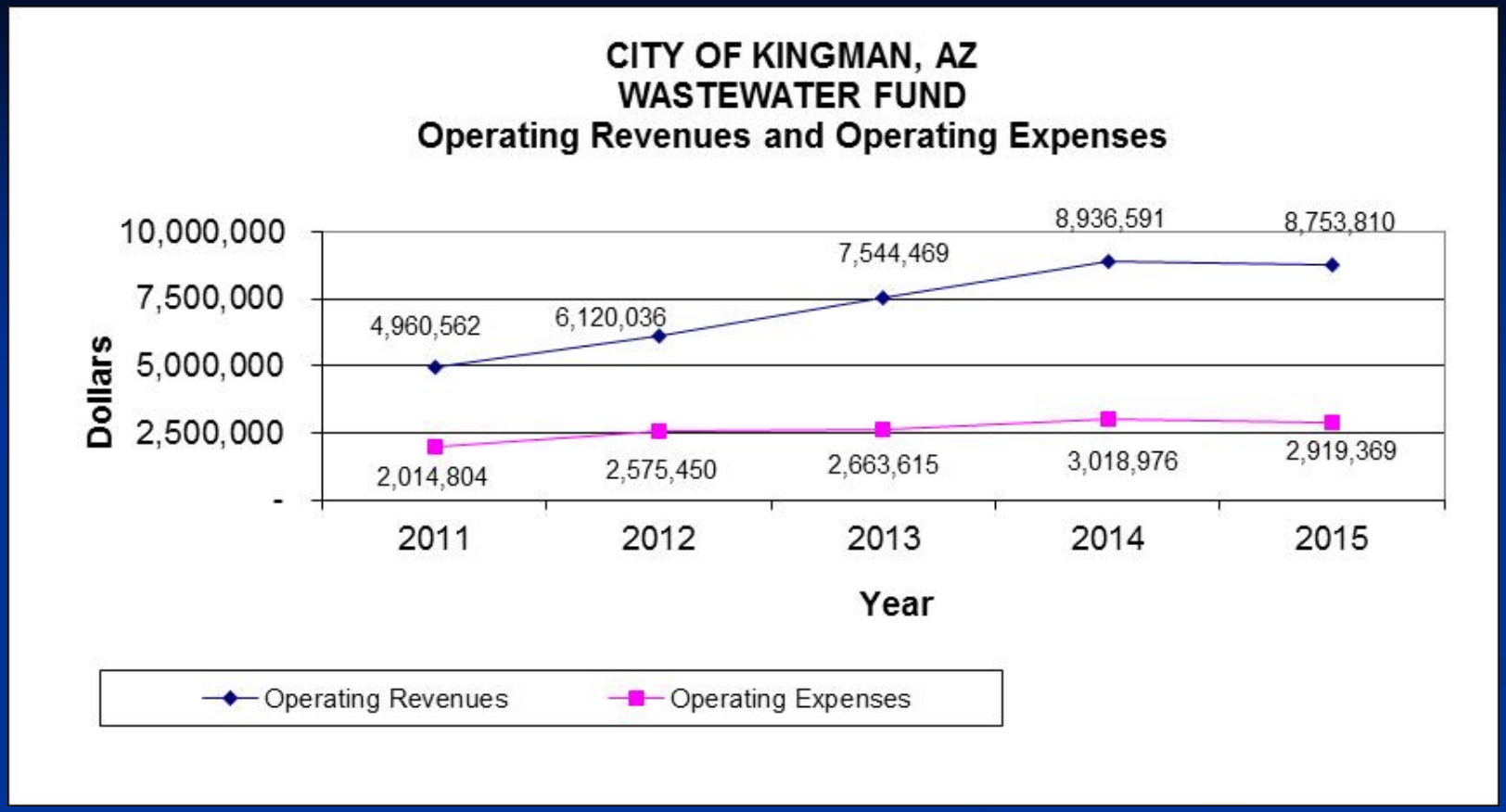
- **Enterprise funds are reported on the full accrual basis of accounting.**
  - This is to provide for depreciation and future capital requirements.
  - Enterprise funds should show revenues in excess of expenditures.



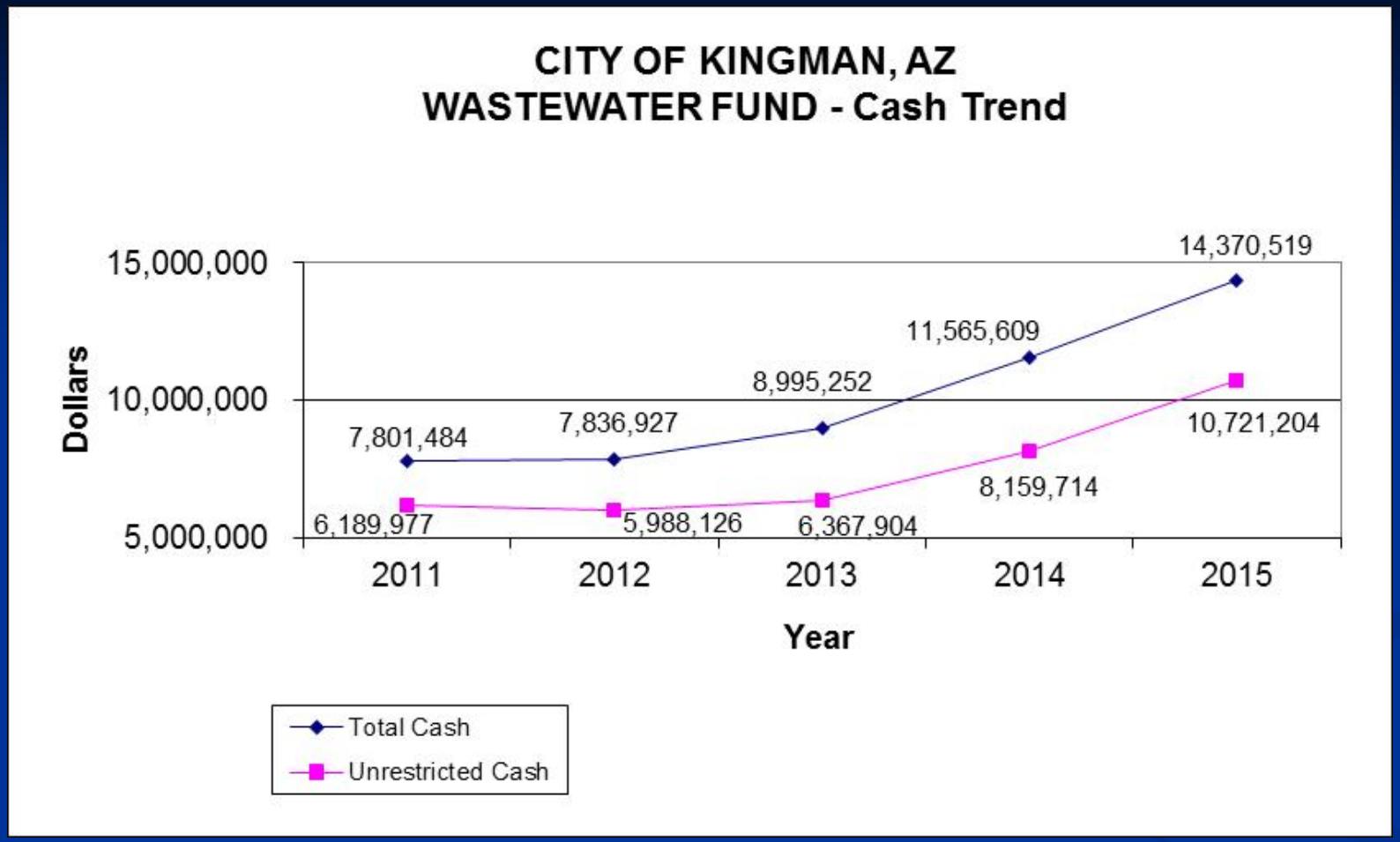
Operating margins between revenues and expenses have shown a positive trend the past five years.



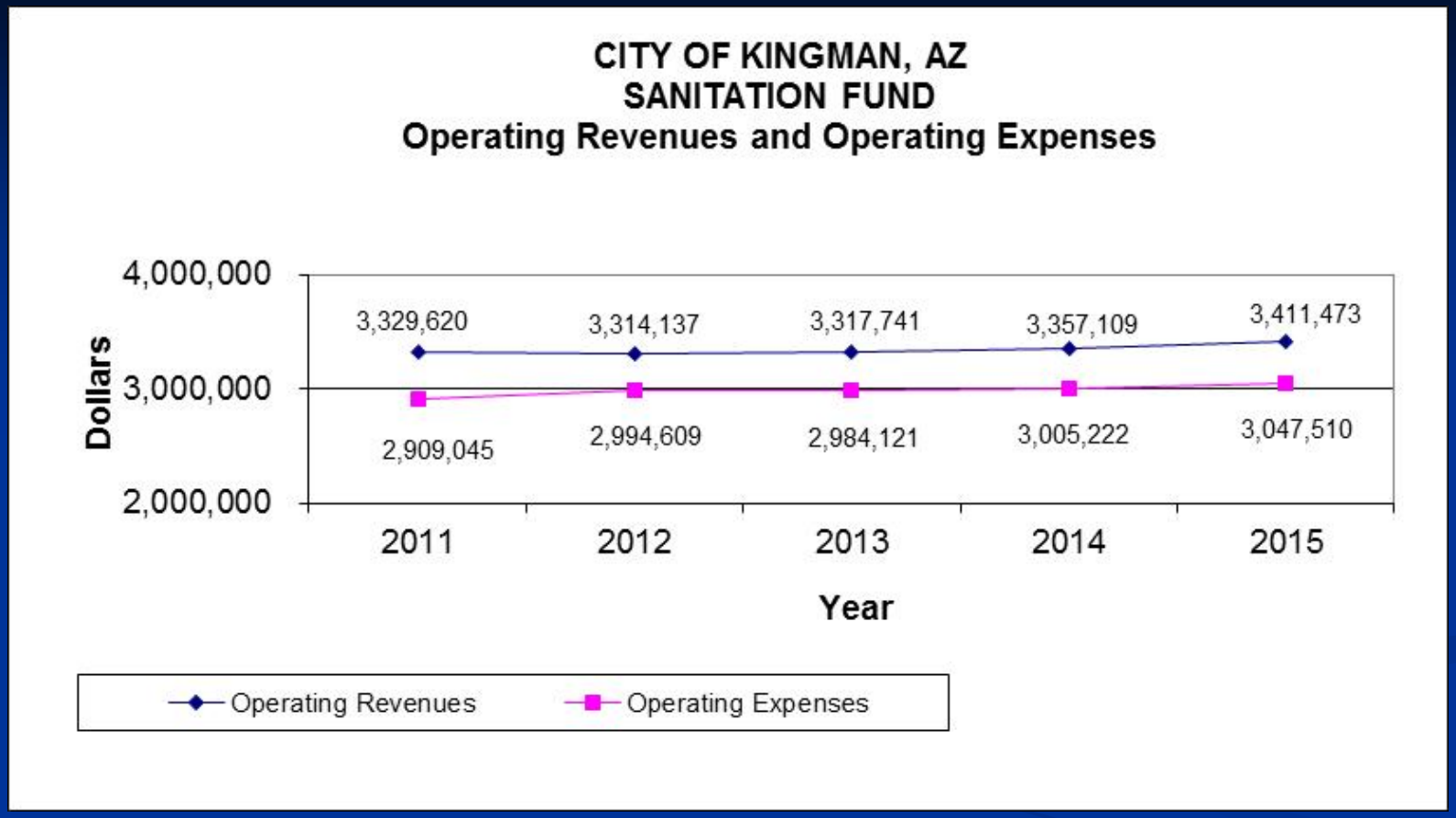
The Water Fund has reported increases in cash over the past five years.



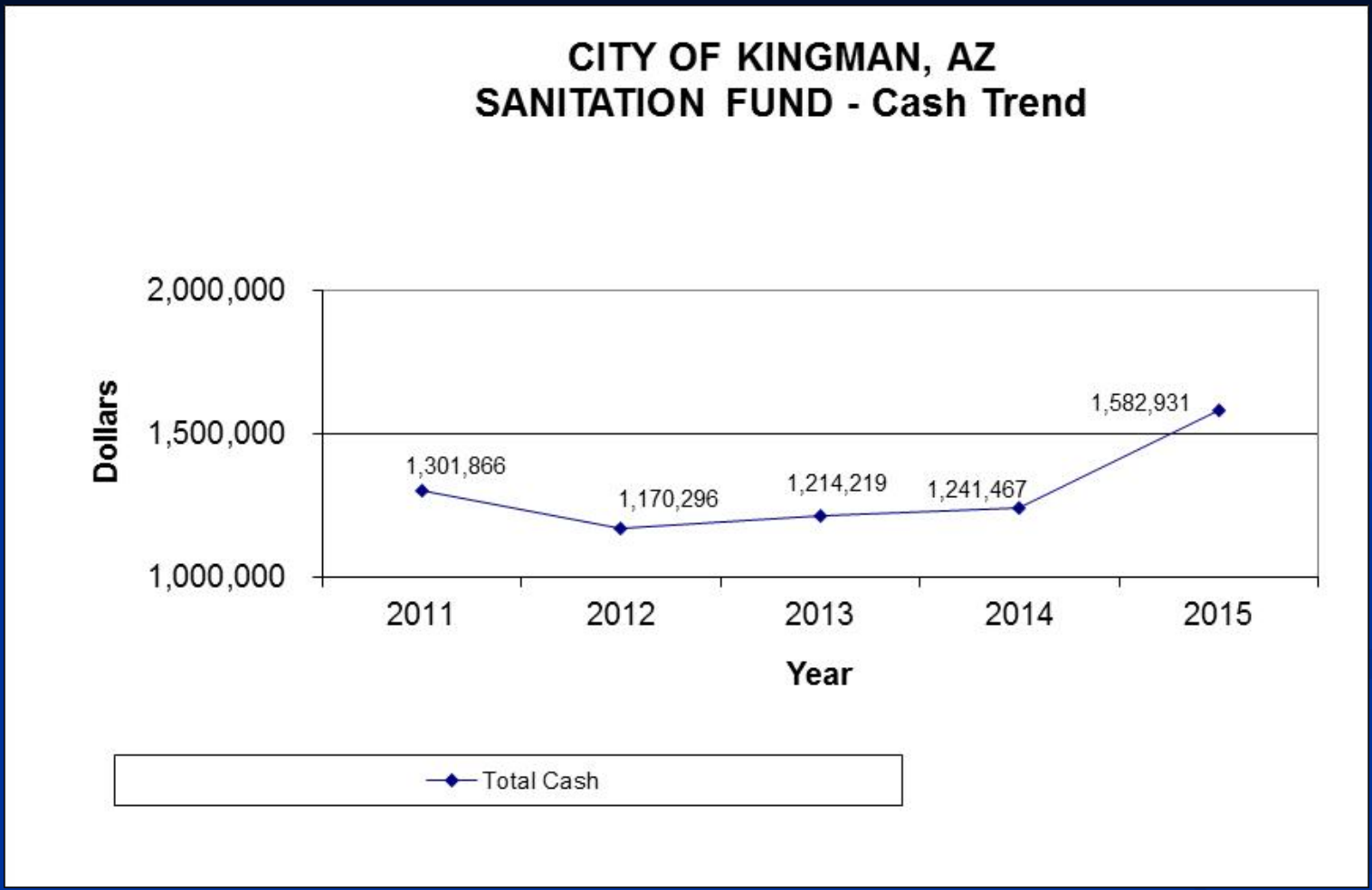
The Wastewater fund shows a positive margin between revenues and expenses over the past five years.



The Wastewater fund has reported increases in cash over the past five years.



The Sanitation Fund also shows a good margin between revenues and expenses.



The Sanitation Fund shows increases in cash four of the past five years.

Questions?

Feel free to contact:

Steven Palmer:

Phone: 435-628-3663 ext. 206

Email: spalmer@hintonburdick.com

Thank You!

- Thank you for the opportunity to work with the City.
- Thanks to Tina Moline and all those who assisted us with the audit.