

CITY OF KINGMAN, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2019

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ANNUAL EXPENDITURE LIMITATION REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona and
The Honorable Mayor and City Council
of the City of Kingman, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of City of Kingman, Arizona for the year ended June 30, 2019, and the related notes to the report. The City's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the uniform expenditure reporting system in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of City of Kingman, Arizona, referred to above is presented in accordance with the uniform expenditure reporting system as described in Note 1 in all material respects.

A handwritten signature in black ink that reads "Henry + Horne, LLP".

Tempe, Arizona
December 18, 2019

CITY OF KINGMAN, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT - PART I
 YEAR ENDED JUNE 30, 2019

1	Economic Estimates Commission expenditure limitation	\$ 45,100,905
2	Voter-approved alternative expenditure limitation (Approved November 19, 2014)	36,416,434
3	Enter applicable amount from line 1 or line 2	36,416,434
4	Amount subject to the expenditure limitation (total amount from Part II, Line C)	36,416,434
5	Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, Sec. 20(2)(a), Arizona Constitution)	N/A
6	Board-authorized expenditures necessitated by a disaster not declared by the Governor (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A
7	Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, Sec. 20(2)(c), Arizona Constitution)	<u>N/A</u>
8	Subtotal	36,416,434
9	Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A
10	Total adjusted amount subject to the expenditure limitation	<u>36,416,434</u>
11	Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u><u>\$ -</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer: *Tina D. Moline*

Name and Title: Tina Moline, Financial Services Director

Telephone Number: (928)-753-8120 Date: 12/18/2019

CITY OF KINGMAN, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2019

Description	Governmental Funds	Enterprise Funds	Intenal Service Funds	Total
A. Amounts reported on the Reconciliation Line D	<u>\$ 37,939,017</u>	<u>\$ 22,781,818</u>	<u>\$ 9,820,494</u>	<u>\$ 70,541,329</u>
B. Less exclusions claimed:				
4 Grants and aid from the Federal government	2,081,134	222,456	-	2,303,590
6 Amounts received from the State of Arizona	778,043	-	-	778,043
7 Quasi-external interfund transactions	-	-	7,873,371	7,873,371
9 Highway user revenues in excess of those received in fiscal year 1979-80	2,881,886	-	-	2,881,886
10 Contracts with other political subdivisions	411,329	-	-	411,329
12 Voter-approved exclusions not indentified above (attach resolution)	-	19,876,676	-	19,876,676
14 Total exclusions claimed	<u>6,152,392</u>	<u>20,099,132</u>	<u>7,873,371</u>	<u>34,124,895</u>
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	<u>\$ 31,786,625</u>	<u>\$ 2,682,686</u>	<u>\$ 1,947,123</u>	<u>\$ 36,416,434</u>

CITY OF KINGMAN, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2019

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund based financial statements	\$ 38,956,267	\$ 18,958,827	\$ 9,402,357	\$ 67,317,451
B. Subtractions:				
1 Items not requiring use of current financial resources:				
Depreciation	-	4,732,091	126,173	4,858,264
Loss on disposal of capital assets	-	10,348	-	10,348
Bad debt expense	-	73,405	-	73,405
Pension and other postemployment benefits (OPEB) Expense	-	184,748	68,570	253,318
2 Expenditures of separate legal entities established under Arizona Revised Statute				
Special Assessment Districts	435,530	-	-	435,530
Municipal Property Corporations	511,021	-	-	511,021
3 Required fees paid to the Arizona Department of Revenue	70,699	-	-	70,699
6 Total subtractions	1,017,250	5,000,592	194,743	6,212,585
C. Additions:				
1 Principal payments on long-term debt	-	2,276,237	-	2,276,237
2 Acquisition of capital assets	-	6,052,255	420,601	6,472,856
4 Pension and OPEB contributions paid in the current year	-	495,091	192,279	687,370
5 Total additions	-	8,823,583	612,880	9,436,463
D. Amounts reported on Part II, Line A	\$ 37,939,017	\$ 22,781,818	\$ 9,820,494	\$ 70,541,329

CITY OF KINGMAN, ARIZONA
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
 Year Ended June 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted November 19, 2014, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the statement of revenues, expenditures, and changes in fund balances for the governmental funds; statement of revenues, expenses, and changes in fund net position for the proprietary funds; statement of cash flows for the proprietary funds; and the statement of changes in fiduciary net position for the fiduciary funds.

NOTE 2 INTERGOVERNMENTAL REVENUE

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, and highway user revenues in the Governmental Funds and Enterprise Funds:

<u>Description</u>	<u>Governmental Funds</u>
Grants and aid from the Federal government	\$ 2,303,590
Amounts received from the State	778,043
Highway user revenues in excess of those received in fiscal year 1979-80	2,881,886
Other revenues (nonexcludable)	<u>7,015,310</u>
Total intergovernmental revenues as reported in the financial statements	<u><u>\$ 12,978,829</u></u>

NOTE 3 EXCLUSIONS

The subtraction of \$435,280 and \$511,021 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts and municipal property corporations included within the City's reporting entity but are not included in the Economic Estimates Commission base limit calculations and are reported in the Governmental Funds category in the fund financial statements.

CITY OF KINGMAN, ARIZONA
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
 Year Ended June 30, 2019

NOTE 3 EXCLUSIONS (CONTINUED)

Special Assessment Districts

Principal	\$ 274,401
Interest and fiscal charges	160,879
Total	<u>\$ 435,280</u>

Municipal Property Corporations

Principal	\$ 507,500
Interest and fiscal charges	3,521
Total	<u>\$ 511,021</u>

The subtraction of \$73,405 for bad debt expense consists of the portion bad debt expense netted against charges for services on the statement of revenues, expenses, and changes in net position for the proprietary funds.

The exclusion claimed of \$7,873,371 for quasi-external interfund transactions consists of monies expended by the City in the Governmental Funds for services paid and expenses in the Internal Service Funds for 911 dispatch, fleet, insurance, building maintenance, and information technology services. In addition, monies expended in the Governmental and Enterprise Funds for the payment of employee benefits in the Employee Benefit Trust Fund are excluded as well.

The exclusion claimed for contracts with other political subdivisions of \$411,329 includes Mohave County Flood Control District revenues that were expended.

NOTE 4 HOME RULE VOTER-APPROVED EXCLUSIONS

	Water	Wastewater	Sanitation	Total
Total Expenses	\$ 7,534,026	\$ 3,719,465	\$ 3,387,403	\$ 14,640,894
Less: Depreciation	(1,298,391)	(1,515,521)	(313,955)	(3,127,867)
Loss on disposal of capital assets	-	-	-	-
Bad debt expense	(57,888)	(10,348)	(5,169)	(73,405)
Pension and OPEB expense	(109,295)	(31,713)	(33,512)	(174,520)
Plus: Principal payment on long-term debt	-	2,276,237	-	2,276,237
Acquisition of capital assets	4,681,342	1,152,071	34,242	5,867,655
Pension contributions	292,895	84,983	89,804	467,682
	<u>\$ 11,042,689</u>	<u>\$ 5,675,174</u>	<u>\$ 3,158,813</u>	<u>\$ 19,876,676</u>