

CITY OF KINGMAN, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2015
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF KINGMAN, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
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Independent Accountants' Report on AELR

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

We have examined the accompanying Annual Expenditure Limitation Report of the City of Kingman, Arizona, for the year ended June 30, 2015. This report is the responsibility of the City of Kingman, Arizona's management. Our responsibility is to express an opinion on this report based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the City of Kingman, Arizona, referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

HintonBurdick, PLLC

HintonBurdick, PLLC
June 14, 2016

CITY OF KINGMAN, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2015

1. Economic Estimates Commission expenditure limitation	N/A	
2. Voter-approved alternative expenditure limitation (May 15, 2012)	\$ 42,110,773	
3. Enter applicable amount from line 1 or line 2		\$ 42,110,773
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	26,559,292	
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)	N/A	
8. Qualifying capital improvement expenditures repaid in accordance with A.R.S. sec. 41-1279.07(I)	N/A	
9. Subtotal	26,559,292	
10. 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	
11. Total adjusted amount subject to the expenditure limitation		26,559,292
12. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)		\$ 15,551,481

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: 7/13/2016

See accompanying notes to report.

CITY OF KINGMAN, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2015

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 29,291,135	\$ 15,689,412	\$ 8,825,160	\$ 53,805,707
B. Less exclusions claimed:				
1. Bond proceeds	-	-	-	-
Debt service requirements on bonded indebtedness	-	-	-	-
Proceeds from other long-term obligations	-	-	-	-
Debt service requirements on other long-term obligations	-	-	-	-
2. Dividends, interest and gains on the sale or redemption of investment securities	-	-	-	-
3. Trustee or custodian	-	-	-	-
4. Grants and aid from the Federal government	1,341,737	-	-	1,341,737
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	-	-	-	-
6. Amounts received from the State of Arizona	95,603	-	-	95,603
7. Quasi-external interfund transactions	-	-	7,376,926	7,376,926
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
9. Highway user revenues in excess of those received in fiscal year 1979-80	2,359,920	-	-	2,359,920
10. Contracts with other political subdivisions	382,818	-	-	382,818
11. Refunds, reimbursements, and other recoveries	-	-	-	-
12. Voter-approved exclusions not identified above (attach resolution)	-	15,689,412	-	15,689,412
13. Prior years carryforward	-	-	-	-
14. Total exclusions claimed	4,180,077	15,689,412	7,376,926	27,246,415
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	\$ 25,111,058	\$ -	\$ 1,448,234	\$ 26,559,292
	<u>\$ 25,111,058</u>	<u>\$ -</u>	<u>\$ 1,448,234</u>	<u>\$ 26,559,292</u>

See accompanying notes to report.

CITY OF KINGMAN, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2015

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures (and expenses) and applicable other financing uses reported within the fund based financial statements	<u>\$ 31,176,664</u>	<u>\$ 14,499,547</u>	<u>\$ 8,766,019</u>	<u>\$ 54,442,229</u>
B. Subtractions:				
1. Items not requiring use of working capital:				
Depreciation	-	2,719,041	60,143	2,779,185
Loss on disposal of capital assets	-	-	-	-
Bad debt expense	-	-	-	-
Other postemployment benefits expense	-	-	-	-
Claims incurred but not reported	-	-	-	-
Pension expense	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes				
Special Assessment Districts	1,616,466	-	-	-
Municipal Property Corporations	269,063	-	-	-
3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-
4. Involuntary court judgments	-	-	-	-
5 Total subtractions	<u>\$ 1,885,529</u>	<u>\$ 2,719,041</u>	<u>\$ 60,143</u>	<u>\$ 2,779,185</u>
C. Additions:				
1. Principal payments on long-term debt	-	2,356,927	48,724	2,405,651
2. Acquisition of capital assets	-	1,551,980	70,560	1,622,540
3. Other postemployment benefits paid in the current year but reported as expenses in previous years	-	-	-	-
4. Claims paid in the current year but reported as expenses incurred but not reported in previous years	-	-	-	-
5. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years	-	-	-	-
6. Total additions	<u>-</u>	<u>3,908,907</u>	<u>119,284</u>	<u>4,028,191</u>
D. Amounts reported on Part II, Line A	<u>\$ 29,291,135</u>	<u>\$ 15,689,412</u>	<u>\$ 8,825,160</u>	<u>\$ 55,691,236</u>

See accompanying notes to report.

CITY OF KINGMAN, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2015

Note 1. Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting 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 plan adopted February 21, 2012, as authorized by the Arizona Constitution, Article IX, §20 (9).

In accordance with the UERS requirements, a note to the AELR is presented below for any exclusion claimed in part II and each deduction or addition in the Reconciliation that cannot be traced directly to an amount reported in the annual 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 Net Position for the Proprietary Funds, and the Statement of Cash Flows for the Proprietary Funds.

Note 2. Reconciliation

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.

<u>Description</u>	<u>Governmental Funds</u>
Grants and aid from the Federal government	\$1,341,737
Amounts received from the State	95,603
Highway user revenues in excess of those received in fiscal year 1979-80	2,359,920
Other revenues (nonexcludable)	7,278,540
Total intergovernmental revenues as reported in the financial statements	<u>11,075,799</u>

CITY OF KINGMAN, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2015

Note 3. Exclusions

The subtraction of \$1,616,466 and \$269,063 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.

Special Assessment Districts:

Principal	1,288,661
Interest and fiscal charges	<u>327,805</u>
Total	<u><u>1,616,466</u></u>

Municipal Property Corporations:

Principal	210,000
Interest and fiscal charges	<u>59,063</u>
Total	<u><u>269,063</u></u>

The exclusion claimed of \$7,376,926 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 \$382,818 includes Mohave County Flood Control District revenues that were expended.

Note 4. Home Rule Voter-Approved Exclusions

	Water	Wastewater	Sanitation	Total
Total expenses	7,084,595	4,355,062	3,059,890	14,499,547
Less: Depreciation	(1,086,941)	(1,296,239)	(335,861)	(2,719,041)
Plus: Principal payment on long-term debt	48,723	2,259,479	48,725	2,356,927
Acquisition of capital assets	<u>1,236,905</u>	<u>315,075</u>	<u>-</u>	<u>1,551,980</u>
	<u><u>7,283,281</u></u>	<u><u>5,633,377</u></u>	<u><u>2,772,754</u></u>	<u><u>15,689,412</u></u>