

**CITY OF KINGMAN, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**JUNE 30, 2016**  
**WITH REPORT OF**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**CITY OF KINGMAN, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**JUNE 30, 2016**

**Table of Contents**

	PAGE
Independent Accountants' Report.....	1
Annual Expenditure Limitation Report - Part I.....	2
Annual Expenditure Limitation Report - Part II.....	3
Annual Expenditure Limitation Report - Reconciliation.....	4
Notes to Annual Expenditure Limitation Report.....	5

## 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, 2016. 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  
December 7, 2016

**CITY OF KINGMAN, ARIZONA**  
**Annual Expenditure Limitation Report – Part I**  
**Year Ended June 30, 2016**

1. Economic Estimates Commission expenditure limitation	N/A
2. Voter-approved alternative expenditure limitation (November 19, 2014)	<u>\$ 41,719,057</u>
3. Enter applicable amount from line 1 or line 2	<u>\$ 41,719,057</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>28,034,503</u>
5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u><u>\$ 13,684,554</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: \_\_\_\_\_

See accompanying notes to report.

**CITY OF KINGMAN, ARIZONA**  
**Annual Expenditure Limitation Report – Part II**  
**Year Ended June 30, 2016**

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 30,505,057	\$ 18,196,161	\$ 9,112,084	\$ 57,813,302
B. Less exclusions claimed:				
Grants and aid from the Federal government	\$1,304,793	-	-	1,304,793
Amounts received from the State of Arizona	112,905	-	-	112,905
Quasi-external interfund transactions	-	-	7,569,869	7,569,869
Highway user revenues in excess of those received in fiscal year 1979-80	2,460,631	-	-	2,460,631
Contracts with other political subdivisions	238,407	-	-	238,407
Voter-approved exclusions not identified above (attach resolution)	-	18,092,194	-	18,092,194
Total exclusions claimed	4,116,736	18,092,194	7,569,869	29,778,799
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	<u>\$ 26,388,321</u>	<u>\$ 103,967</u>	<u>\$ 1,542,215</u>	<u>\$ 28,034,503</u>

See accompanying notes to report.

**CITY OF KINGMAN, ARIZONA**  
**Annual Expenditure Limitation Report – Reconciliation**  
**Year Ended June 30, 2016**

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	\$ 32,388,384	\$ 15,137,230	\$ 8,963,699	\$ 56,489,313
B. Subtractions:				
Items not requiring use of working capital:				
Depreciation	-	2,703,591	67,471	2,771,062
Pension expense	-	269,659	181,762	451,421
Expenditures of separate legal entities established under Arizona Revised Statutes				
Special Assessment Districts	1,612,121	-	-	1,612,121
Municipal Property Corporations	271,206	-	-	271,206
Total subtractions	\$ 1,883,327	\$ 2,973,250	\$ 249,233	\$ 5,105,810
C. Additions:				
Principal payments on long-term debt	-	2,442,342	51,556	2,493,898
Acquisition of capital assets	-	3,216,213	175,332	3,391,545
Amounts paid in the current year but reported as expenses in previous years				
Pension contributions	-	373,626	170,730	544,356
Total additions	-	6,032,181	397,618	6,429,799
D. Amounts reported on Part II, Line A	\$ 30,505,057	\$ 18,196,161	\$ 9,112,084	\$ 57,813,302

See accompanying notes to report.

**CITY OF KINGMAN, ARIZONA**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2016**

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**Note 1. Summary of Significant Accounting Policies**

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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 November 19, 2014, 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 subtraction 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.

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**Note 2. Reconciliation**

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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	\$1,304,793
Amounts received from the State	112,905
Highway user revenues in excess of those received in fiscal year 1979-80	2,460,631
Other revenues (nonexcludable)	<u>7,111,472</u>
Total intergovernmental revenues as reported in the financial statements	<u><u>10,989,801</u></u>

**CITY OF KINGMAN, ARIZONA**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2016**

**Note 3. Exclusions**

The subtraction of \$1,612,121 and \$271,206 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	1,353,063
Interest and fiscal charges	259,058
Total	1,612,121

**Municipal Property Corporations:**

Principal	220,000
Interest and fiscal charges	51,206
Total	271,206

The exclusion claimed of \$7,569,869 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 \$238,407 includes Mohave County Flood Control District revenues that were expended.

**Note 4. Home Rule Voter-Approved Exclusions**

	Water	Wastewater	Sanitation	Total
Total expenses	7,682,180	4,472,267	2,982,783	15,137,230
Less: Depreciation	(1,109,376)	(1,306,850)	(287,365)	(2,703,591)
Plus: Principal payment on long-term debt	51,557	2,339,229	51,556	2,442,342
Acquisition of capital assets	2,525,611	365,694	324,908	3,216,213
	9,149,972	5,870,340	3,071,882	18,092,194