

BULLHEAD CITY

ARIZONA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

CITY OF BULLHEAD CITY, ARIZONA



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Prepared by the Finance Department
Rudy Vera, Finance Director

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement	vii
List of Principal Officials	viii
Organizational Chart	ix
II. FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion & Analysis	7
A. Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements	
Governmental Fund Financial Statements	
Balance Sheet	26
Reconciliation of the Balance Sheet to the Statement of Net Position	27
Statement of Revenues, Expenditures and Changes in Fund Balances	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Proprietary Fund Financial Statements	
Statement of Net Position	32
Statement of Revenues, Expenses and Changes in Fund Net Position	33
Statement of Cash Flows	34
Notes to Financial Statements	
1. Summary of Significant Accounting Policies	39
2. Deposits and Investments	48
3. Receivables	50
4. Interfund Receivables and Payables	51
5. Interfund Transfers	51
6. Capital Assets	52
7. Long-Term Liabilities	54
8. Contingencies	58
9. Pensions and Other Postemployment Benefits	59
10. Restatement	70

B. Required Supplementary Information	<u>Page</u>
Budgetary Comparison Schedule – General Fund	72
Notes to the Budgetary Comparison Schedule – General Fund	75
Budgetary Comparison Schedule – Highway User Revenue Fund (HURF)	77
Schedule of the Changes in the City's Net Pension Liability and Related Ratios	78
Schedule of the City Pension Contributions	80
Notes to Pension Plan Schedules	81
Schedule of Agent OPEB Plans' Funding Progress	83
C. Other Supplementary Information	
Combining and Individual Fund Financial Statements	
Non-Major Special Revenue Funds	
Combining Balance Sheet	87
Combining Statement of Revenues, Expenses and Changes in Fund Balances	89
Special Revenue Funds	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	96
Capital Project Funds	
Combining Balance Sheet	102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	103
Debt Service Funds	
Combining Balance Sheet	107
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	108
Budgetary Schedules	
Major Funds	
SID Debt Service Fund	111
RICO Fund	112
Housing Fund	113
Arts Commission Fund	114
Special Assessments Administration Fund	115
JCEF Fund	116
Water Impost Fund	117
Transit Fund	118
REO Fund	119
Court Enhancement Fund	120
Fill the Gap Fund	121
CDBG/Home/HTF Fund	122
Special Events Fund	123
Veterans Memorial Park Fund	124
Fines/Fees and Restitution Program (Fare) Fund	125
Pest Abatement Fund	126
Victim Service Grants Fund	127
Police Grants Fund	128

	<u>Page</u>
General Grants Fund	129
Senior Nutrition Center Fund	130
 Budgetary Schedules	
Non- Major Capital Project Funds	
Street Lighting Fund	132
Capital Projects Fund	133
Flood Control Fund	134
 Non- Major Debt Service Funds	
Debt Service Fund	136
East Branch Sewer Improvement District Fund	137
Excise Revenue Bond Refunding	138
 Internal Service Funds	
Combining Statement of Net Position	141
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	143
Combining Statement of Cash Flows	144
 III. STATISTICAL SECTION	
Net Position by Component	148
Changes in Net Position	150
Fund Balances of Governmental Funds	154
Changes in Fund Balances of Governmental Funds	156
Governmental Activities Tax Revenues by Source	158
General Governmental Activities Tax Revenues by Source	160
Taxable Sales by Category	162
Direct and Overlapping Sales Tax Rates	164
Sales Tax Revenue by Industry	166
Assessed Value and Estimated Actual Value of Taxable Property	168
Ratios of Outstanding Debt by Type	170
Direct and Overlapping Governmental Activities Debt	172
Legal Debt Margin Information	174
Pledged Revenue Coverage	176
Demographic and Economic Statistics	178
Principle Employers	179
Full-time Equivalent City Government Employees by Function	180
Operating Indicators by Function	182
Capital Asset Statistics by Function	184
City Transaction Privilege (Sales) Tax Collections by Industry Classification	186
Excise Tax Collections	188
Real and Secured Property Taxes Levied and Collected (a)	190

IV. COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	193
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	195
Schedule of Expenditures of Federal Awards	197
Notes to the Schedule of Expenditures of Federal Awards	198
Schedule of Findings and Questioned Costs	199

Introductory Section





CITY OF BULLHEAD CITY
FINANCE DEPARTMENT
2355 Trane Road
Bullhead City, AZ 86442
(928) 763-9400 TDD (928) 763-9400

December 13, 2018

TO: The Honorable Mayor, Members of the City Council,
and Citizens of the City of Bullhead City, Arizona

The Comprehensive Annual Financial Report (CAFR) of the City of Bullhead City, Arizona (the City) for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

Henry & Horne, LLP, has audited the City of Bullhead City financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Bullhead City for the fiscal year ended June 30, 2018 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 presentation. The independent auditors' report is presented as the first component of the financial section of this report.

The City is required to undergo an annual single audit in conformity with the provisions requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including the schedule of expenditure of federal awards, findings and recommendations, and the auditors' reports on the internal control over financial reporting and compliance with applicable laws and regulations are included in a separately issued report.

Generally accepted accounting principles 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 MD&A and should be read in conjunction with it. The City of Bullhead City's MD&A can be found immediately following the report of the independent auditors.

GENERAL INFORMATION - CITY OF BULLHEAD CITY

Bullhead City is located in west-central Mohave County on the east side of the Colorado River in the tri-state area of Arizona, California and Nevada. Among Arizona's fastest growing communities, it is the sister city to Laughlin, Nevada and just 90 minutes south of Las Vegas.

The early human settlement of the Bullhead City area began with the Mojave Indians and then transitioned to the American soldiers who inhabited Fort Mohave in the 1850-60's.

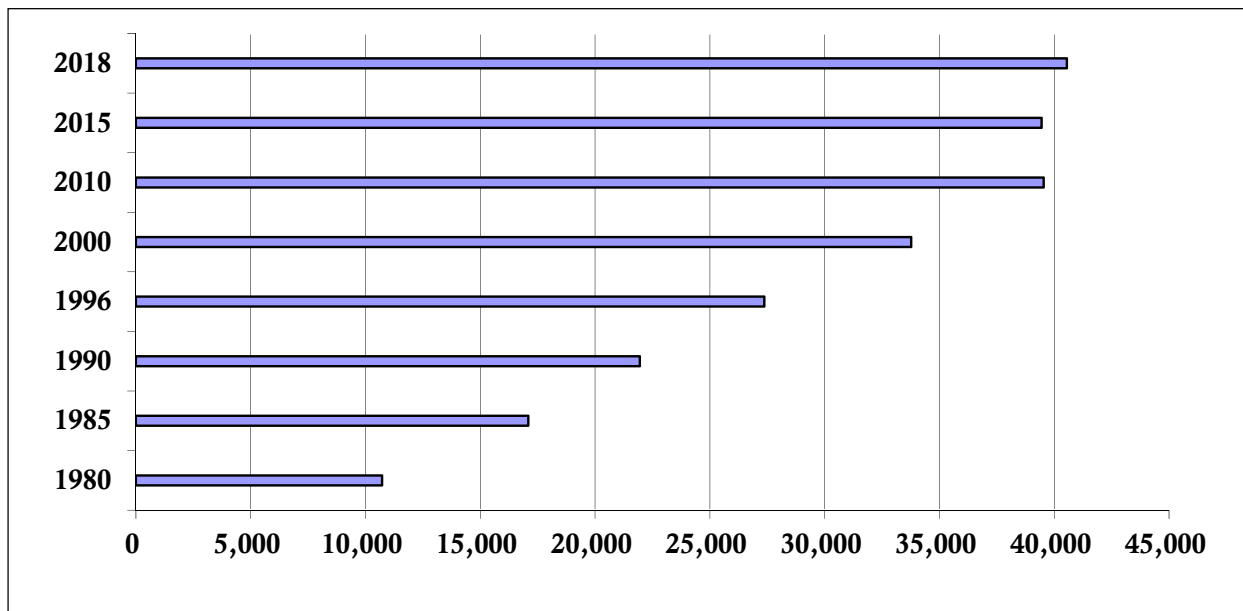
In 1945 Bullhead City was the headquarters for the construction of Davis Dam. The city name was derived from its proximity to Bullhead Rock, now largely concealed by Lake Mohave.

Bullhead City was incorporated in August 1984. Since then, it has operated under a Council/Manager form of government with a seven-member City Council.

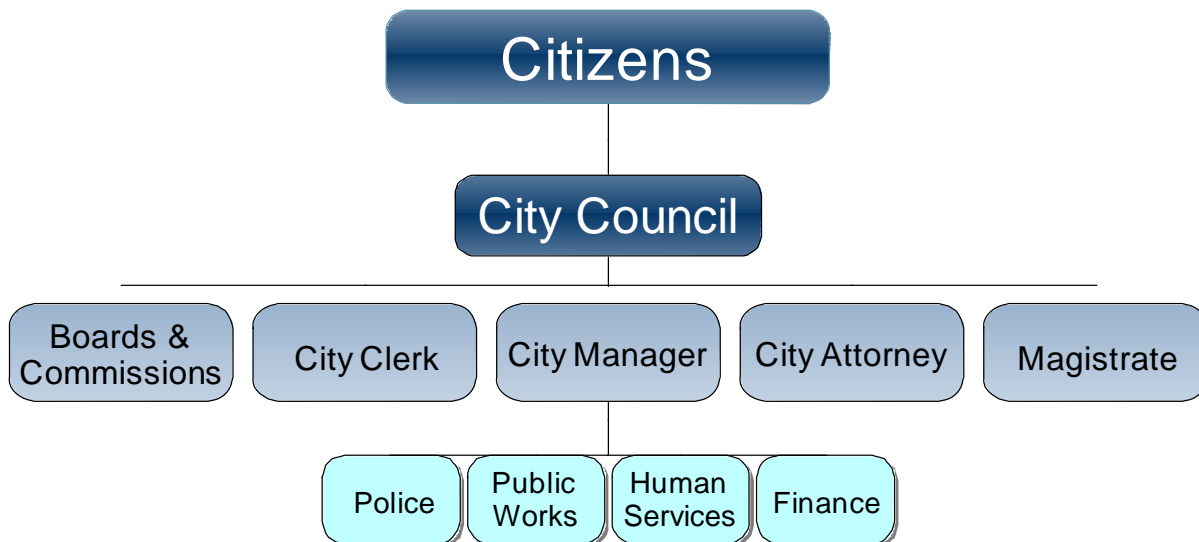
The following graph illustrates the population growth from 1980 and projected until 2018.

Population Growth

1980	10,719
1985	17,091
1990	21,951
1996 DES Estimate	27,270
2000	33,769
2010	39,540
2015 Census Estimate	39,445
2018 Projection	40,551



CITY ORGANIZATIONAL CHART



The City provides a useful range of services, which includes general government; police protection; wastewater services; the construction and maintenance of highways, streets and infrastructure; recreational activities and cultural events. In addition to general government activities, the City Council is financially accountable for the Municipal Property Corporation and special assessment districts; therefore, these activities are included in the reporting entity.

ECONOMIC CONDITION AND OUTLOOK

Bullhead City's economic activities are mainly related to tourism and retail sales, although recent developments are helping to diversify the economy. The City as well as community groups have been working diligently to attract visitors from throughout the United States and beyond for events being held within the community.

The City hosts many tournaments and special events throughout the year. The City hosts an annual youth soccer tournament in February of each year. The tournament attracts upwards of 120 teams from California, Nevada, and Arizona. Softball leagues and tournaments are held throughout the year. The largest tournaments take place in March including the annual senior softball tournament that attracts 70 teams from throughout the United States.

There are nine casinos in Laughlin, Nevada located just across the Colorado River from Bullhead City, employing approximately 9,000 people in full-time positions. The resorts and casinos have added income and an influx of jobs to the retail, service and tourism sectors of the economy from the estimated 2 million annual visitors. Tourism is a primary economic activity centered on the Laughlin resort/gaming industry, area water sports, golfing and fishing. Laughlin hotels have approximately 10,000 rooms with an average occupancy rate of 66%. Bullhead City hotels have approximately 900 rooms available for occupancy. In addition, there are approximately 2,250 full hook-up RV spots in the Bullhead City/Laughlin area. Hundreds of homes are also available for daily rental in the community.

The City will continue to work with its community partners on both sides of the Colorado River to bring more and more visitors from all over the United States and beyond to Bullhead City for these events and more. The economic impact from these events and future events assist the entire region in building a positive future.

Dot Foods, the nation's largest food redistributor, constructed its southwest regional distribution center in Bullhead City. Falcon Alloy, a metal rod manufacturer, also relocated from California in the summer of 2017. Additional new businesses that have opened or will soon be open include Ashley HomeStore, Starbucks, Discount Tire, Culver's, The Human Bean and several smaller local businesses.

The City's sales tax revenues increased 6% over last year collections. Revenue from the contracting prime class has increased by 73%, and the restaurant and bar category has increased by 11% over the prior collections.

The total number of single family residential building permits for FY 18 increased by 38% or 40 permits compared to the prior year.

The City plans to maintain all service levels during the upcoming year and will continue to monitor costs and programs. The City will also continue to take advantage of opportunities to enhance the local economy through economic development in partnership with the Bullhead Area Chamber of Commerce by attending retail conventions and continually working to attract new retail and distribution companies.

FINANCIAL INFORMATION

Management of the City is responsible for establishing and maintaining an internal control structure to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. This concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefit likely to be derived; and 2) the valuation of cost and benefits requires estimates and judgments by management.

As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place, which is in compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and the finance department staff of the City.

Budgetary Controls. In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds and Enterprise Funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level in the General Fund and at the individual fund level for all other funds. The City also maintains an encumbrance accounting system as a technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

CASH MANAGEMENT

All cash not necessary to meet current obligations is invested in the Local Government Investment Pool (LGIP). The State of Arizona manages this pool. The City had \$10,500,190 invested at June 30, 2018. The average yield for fiscal year 2018 was 1.38%. The City continues to monitor the benefit of investing in long-term investments other than LGIP.

INDEPENDENT AUDIT

State law requires an annual audit of the City's financial records and transactions supporting the financial statements. This requirement has been complied with and the auditors' opinion has been included in this report.

Henry & Horne, LLP, independent certified public accountants, have examined the accompanying financial statements. The firm is engaged by the City Council to render an opinion on the City's financial statements in accordance with auditing standards generally accepted in the United States of America.

The City Council is responsible for:

- Assuring that the City administration fulfills its responsibilities in the preparation of the financial statements; and,
- Engaging the independent public accountants with whom the City Council determines the scope of the audit.

Henry & Horne, LLP has full and free access to meet with the City Council to discuss the results of their examination, their assessment of the adequacy of internal accounting controls, and the quality of financial reporting.

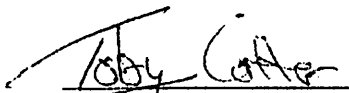
ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the dedicated efforts of the Finance Department staff.

We also express appreciation to the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a fiscally responsible manner.

Respectfully submitted,

City of Bullhead City, Arizona


Toby Cotter
City Manager


Rudy Vera
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Bullhead City
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF BULLHEAD CITY, ARIZONA



LIST OF PRINCIPAL OFFICIALS

City Council

Tom Brady, Mayor

Mark R. Clark, Vice Mayor

Sheila Shutts, Council Member

Steve D'Amico, Council Member

Annette Wegmann, Council Member

Kathy Bruck, Council Member

Tami Ring, Council Member

City Manager

Toby Cotter

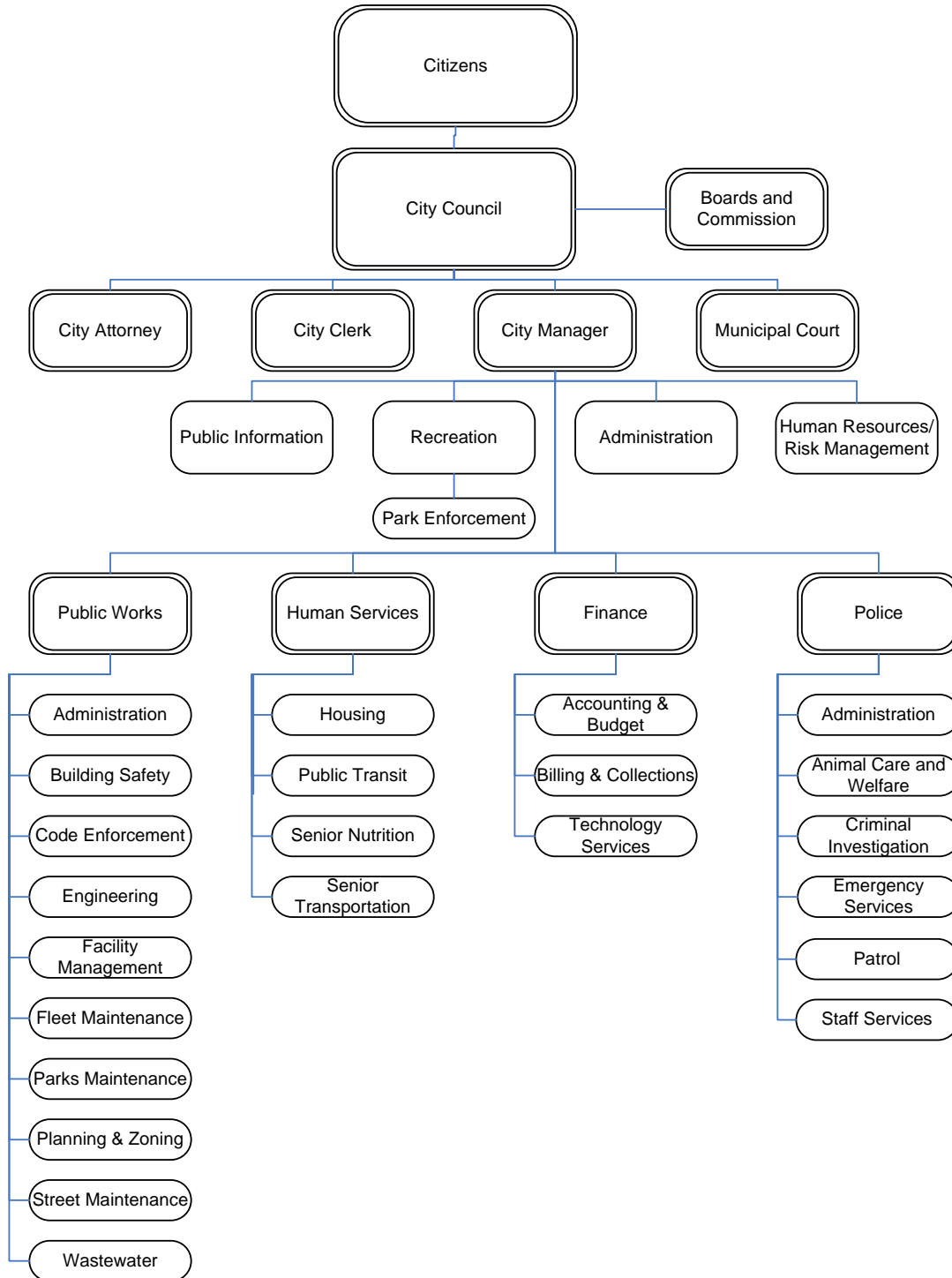
Finance Director

Rudy Vera



INTRODUCTION

ORGANIZATIONAL CHART





Financial Section



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council
City of Bullhead City
Bullhead City, 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 City of Bullhead City, Arizona (the City), as of and for the year ended June 30, 2018, 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

Management 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, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 from 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 auditors' 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bullhead City, Arizona, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, 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 Bullhead City, Arizona's basic financial statements. The introductory section, the financial information listed as other supplementary information in the financial section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The financial information listed as other supplementary information in the table of contents and the schedule of expenditures of federal awards 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 to 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 financial information listed as other supplementary information in the table of contents and the schedule of expenditures of federal awards, are 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.

Compliance Over the Use of Highway User Revenue Fund and Other Dedicated State Transportation Revenue Monies

In connection with our audit, nothing came to our attention that caused us to believe that the City of Bullhead City, Arizona failed to use highway user revenue fund monies received by the City pursuant to Arizona Revised Statutes Title 28, Chapter 18, Article 2, and any other dedicated state transportation revenues received by the City of Bullhead City solely for the authorized transportation purposes, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City of Bullhead City's noncompliance with the use of highway user revenue fund monies and other dedicated state transportation revenues, insofar as they relate to accounting matters.

The communication related to compliance over the use of highway user revenue fund and other dedicated state transportation revenue monies in the preceding paragraph is intended solely for the information and use of the members of the Arizona State Legislature, management, and other responsible parties with the City and is not intended to be and should not be used by anyone other than these specified parties.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018 on our consideration of the City's internal control over financial reporting and 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 the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bullhead City, Arizona's, internal control over financial reporting and compliance.

Henry + Horne LLP

Casa Grande, Arizona
December 13, 2018

Financial Section

MANAGEMENT'S DISCUSSION & ANALYSIS (Required Supplementary Information)



CITY OF BULLHEAD CITY, ARIZONA
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2018

Bullhead City's discussion and analysis offers readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, and in the financial statements and notes to the financial statements (which immediately follow this discussion).

FINANCIAL HIGHLIGHTS

- Bullhead City total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of fiscal year 2018 by \$127,497,529 (net position). Of this amount, Net investment of capital assets was \$119,201,678; restricted net position was \$9,205,036 and -\$792,185 represents unrestricted net position.
- Bullhead City's total net position increased in fiscal year 2018 \$889,225 or 0.7%.
- At the end of fiscal year 2018, Bullhead City's governmental funds reported combined fund balances of \$16,776,525, an increase of \$1,034,992 in comparison to the prior fiscal year. Approximately 54% of this amount (\$9,041,821) is available for spending at the city's discretion (unassigned fund balance).
- At the end of fiscal year 2018, unassigned fund balance for the General Fund is \$10,731,064 or 43% of total general fund expenditures.
- Bullhead City's total outstanding long-term liabilities decreased by \$1,492,951 or 2.1% during fiscal year 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis (this portion); the basic financial statements; required supplementary information; and optional combining statements for non-major governmental funds, non-major enterprise fund, and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status.
- Fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - Governmental fund statements tell how general government services such as police and public works were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short-term and long-term financial information about the activities the City operates like businesses, such as wastewater services.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the City's assets and liabilities. All of the current year's revenues and expenses are reported in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed during the fiscal year. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

The government-wide financial statements of the City are divided as follows:

- *Governmental activities* – Most of the City's basic services are included here such as police, public works, parks and recreation, and general administration. Taxes and intergovernmental revenues finance most of these activities.
- *Business-type activities* – Customer fees fund certain services provided by the City. The City currently has only one active utility service - wastewater services.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the City's major funds, not the City as a whole.

The City has three types of funds:

- *Governmental funds* – Most of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources, and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliation that explains the relationship (or difference) between governmental funds and governmental activities follow each of the governmental fund statements.
- *Proprietary funds* – Services for which the City charges customers a fee generally are reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both short-term and long-term financial information.
 - Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.
 - Internal service funds report activities that provide services for the City's other programs and activities, such as the City's fleet fund and risk management fund.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements provide short-term and long-term information about the City's overall financial condition. Net assets or net position over time serves as a useful indicator of financial position. Bullhead City assets and deferred outflows exceeded liabilities by \$127,497,529 at the close of fiscal year 2018.

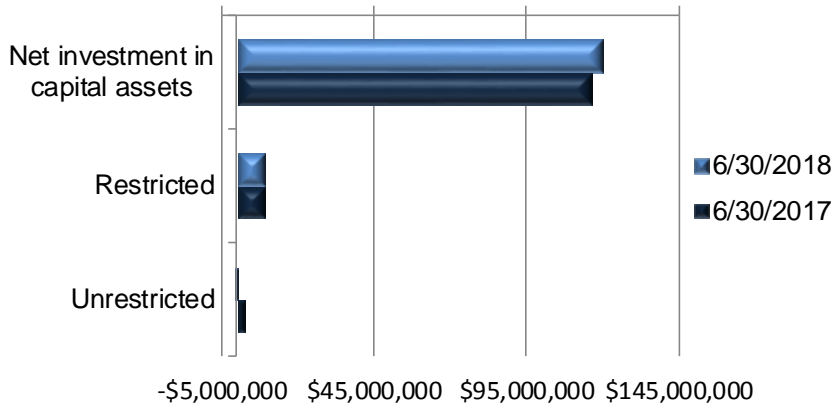
Net position of the City represents the difference between the City's resources and its obligations. As of June 30, 2018, the largest portion of the City's total net position approximately 93.4% reflects the investment in capital assets, (e.g., land, buildings, machinery, equipment, vehicles and infrastructure) less related debt outstanding used to acquire capital assets. These capital assets are used by the City to provide services to its citizens. As such, these assets are not available for future spending.

Bullhead City's restricted net position \$9,205,036 represents amounts that are to be used in accordance with external restrictions. The remaining balance of -\$729,185 is unrestricted.

**City of Bullhead City, Arizona
Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Current and other assets	\$ 34,780,876	\$ 33,337,616	\$ 3,232,050	\$ 5,217,418	\$ 38,012,926	\$ 38,555,034
Capital assets	49,735,385	46,088,574	110,421,261	113,459,501	\$ 160,156,646	\$ 159,548,075
Total assets	84,516,261	79,426,190	113,653,311	118,676,919	198,169,572	198,103,109
Total Deferred outflows of resources	6,711,946	6,140,562	474,819	534,182	7,186,765	6,674,744
Other liabilities	4,419,988	2,538,313	898,105	1,900,574	5,318,093	4,438,887
Long-term liabilities	52,192,105	50,985,707	18,728,435	21,427,783	70,920,540	72,413,490
Total liabilities	56,612,093	53,524,020	19,626,540	23,328,357	76,238,633	76,852,377
Total deferred inflows of resources	1,620,175	1,317,172	-	-	1,620,175	1,317,172
Net position:						
Net investment in capital assets	26,472,245	22,221,892	92,549,433	93,097,536	119,021,678	115,319,428
Restricted	6,994,573	5,893,077	2,210,463	3,004,022	9,205,036	8,897,099
Unrestricted	(470,879)	2,610,591	(258,306)	(218,814)	(729,185)	2,391,777
Total net position	\$ 32,995,939	\$ 30,725,560	\$ 94,501,590	\$ 95,882,744	\$ 127,497,529	\$ 126,608,304

**City of Bullhead City Net Position
June 30, 2017 and 2018**



The City's overall net position increased \$889,225 from the prior fiscal year. The following sections will discuss the reasons for the increase.

Governmental Activities

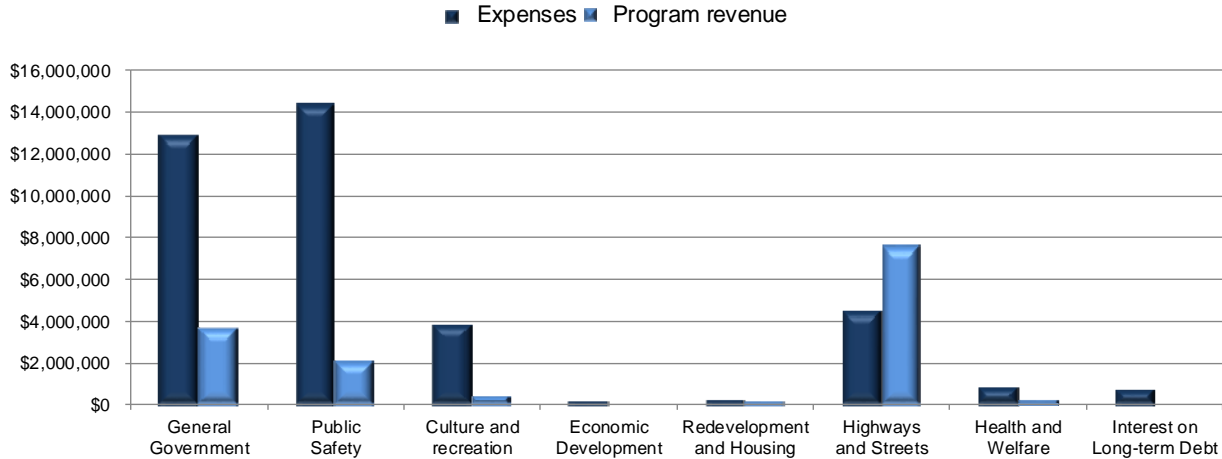
Bullhead City's net position for governmental activities increased \$2,270,379 from the prior fiscal year to an ending balance of \$32,995,939.

The increase of the overall net position of governmental activities can be attributed to the change in the increase in capital assets construction in progress of \$3.15 million. The Laughlin Ranch Boulevard Street Improvement is the main source of the construction in progress. The offset to the increase of investment in capital assets was another increase in net pension liability of \$2,280,834.

City of Bullhead City, Arizona
Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Revenues:						
Program revenues:						
Charges for services	\$ 4,660,168	\$ 6,202,097	\$ 9,080,687	\$ 9,061,104	\$ 13,740,855	\$ 15,263,201
Operating grants and contributions	5,933,804	7,319,742	-	-	5,933,804	7,319,742
Capital grants and contributions	3,437,948	424,586	243,928	654,272	3,681,876	1,078,858
General revenues:						
City sales tax	13,578,753	12,866,671	-	-	13,578,753	12,866,671
State shared sales tax	3,841,727	3,614,505	-	-	3,841,727	3,614,505
Urban revenue sharing	4,950,665	4,825,811	-	-	4,950,665	4,825,811
Franchise tax	739,185	733,892	-	-	739,185	733,892
State shared vehicle license tax	2,530,005	2,295,131	-	-	2,530,005	2,295,131
Investment earnings	151,847	49,483	18,442	43,704	170,289	93,187
Gain (loss) on disposition of capital assets	-	-	-	-	-	-
Total revenues	<u>39,824,102</u>	<u>38,331,918</u>	<u>9,343,057</u>	<u>9,759,080</u>	<u>49,167,159</u>	<u>48,090,998</u>
Expenses:						
Government activities:						
General government	12,894,018	10,585,233	-	-	12,894,018	10,585,233
Public safety	14,400,367	16,015,760	-	-	14,400,367	16,015,760
Culture and recreation	3,836,922	4,472,137	-	-	3,836,922	4,472,137
Economic development	103,511	338,784	-	-	103,511	338,784
Redevelopment and housing	171,184	661,590	-	-	171,184	661,590
Highways and streets	4,509,681	9,714,104	-	-	4,509,681	9,714,104
Health and welfare	868,540	869,290	-	-	868,540	869,290
Interest on long-term debt	741,581	734,998	-	-	741,581	734,998
Business-type activities						
Water	-	-	65,579	30,619	65,579	30,619
Wastewater	-	-	10,791,632	9,582,628	10,791,632	9,582,628
Total expenses	<u>37,525,804</u>	<u>43,391,896</u>	<u>10,857,211</u>	<u>9,613,247</u>	<u>48,383,015</u>	<u>53,005,143</u>
Change in net position before transfers	2,298,298	(5,059,978)	(1,514,154)	145,833	784,144	(4,914,145)
Transfers in (out)	(133,000)	(177,067)	133,000	177,067	-	-
Change in net position	<u>2,165,298</u>	<u>(5,237,045)</u>	<u>(1,381,154)</u>	<u>322,900</u>	<u>784,144</u>	<u>(4,914,145)</u>
Net position - beginning	<u>30,830,641</u>	<u>35,962,605</u>	<u>95,882,744</u>	<u>95,559,844</u>	<u>126,713,385</u>	<u>131,522,449</u>
Net position - ending	<u>\$ 32,995,939</u>	<u>\$ 30,725,560</u>	<u>\$ 94,501,590</u>	<u>\$ 95,882,744</u>	<u>\$ 127,497,529</u>	<u>\$ 126,608,304</u>

Expenses and Program Revenues Governmental Activities (in millions)



Business-type Activities

Bullhead City’s business-type activities for fiscal year 2018 show that the overall net position decreased to an ending balance of \$94,501,590. The total decrease in net position for business-type activities was \$1,381,154 or 1.4% from the prior fiscal year.

Revenue from business-type activities totaled \$9,343,057 compared to \$9,759,080 in FY 2017. This is a decrease of 4.3% or \$416,023 from the prior fiscal year. The decrease can be attributed to less capital grants revenue in FY 2018. Wastewater customer accounts billed in June 2017 were 18,716 and in June 2018 there were 18,785 customer accounts billed.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government while reporting the City operations in more detail than the government-wide statements. The City’s governmental funds provide information on near-term inflows, outflows and balances of spendable resources.

Governmental Funds

The City’s governmental funds reported combined fund balances at June 30, 2018 of \$16,776,525, which is an increase of \$1,034,992 compared to the previous fiscal year. Approximately 53.9% of this amount (\$9,041,821) constitutes unassigned fund balance, which is available for spending at the city’s discretion. The remainder of the fund balance is either 1) not in spendable form (\$716,283), or 2) restricted for a particular purpose (\$7,018,421).

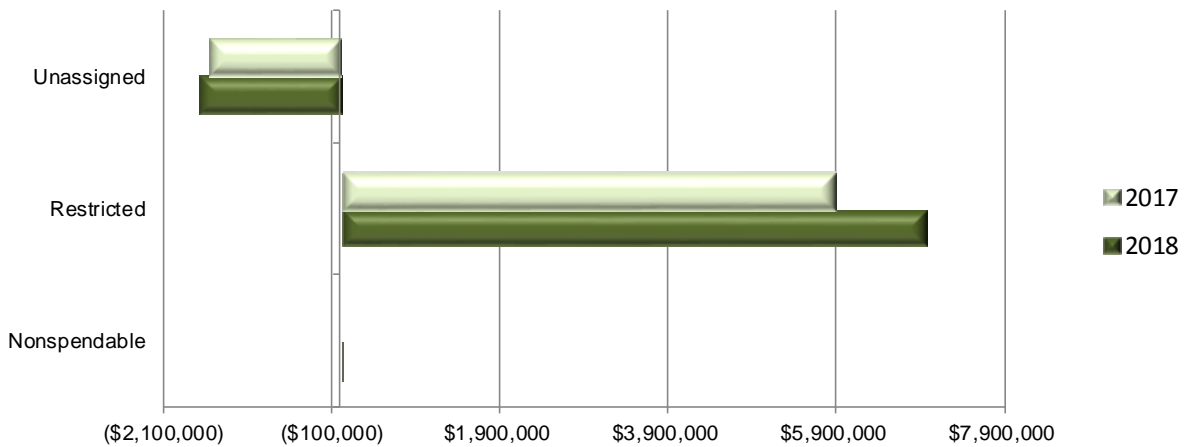
General Fund Components of Fund Balance June 30, 2017 and 2018



The general fund is the chief operating fund of Bullhead City. At the end of the fiscal year unassigned fund balance of the general fund was \$10,731,064. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents approximately 42.8% of the total general fund expenditures, while total fund balance represents approximately 45.9% of the same amount.

The fund balance of Bullhead City's general fund grew by \$56,411 during the 2018 fiscal year.

Other Governmental Funds Components of Fund Balance June 30, 2017 and 2018



The fund balances of Bullhead City's other governmental funds increased by \$975,581 during the 2018 fiscal year.

The Non-Major Governmental Fund Balances increased \$518,113 from the prior fiscal year.

The timing of fund expenditures and fund reimbursements account for fund balances. The Special Revenue Funds ended with a balance of -\$251,754. Capital Project Funds ended with a balance of \$2,268,939. The Debt Service Funds ended with a negative fund balance of \$1,146,996. The City intends to sell a property acquired from a delinquent special assessment that represents the fund balance deficit in the Debt Service Funds. The City is waiting for the real estate market to be sufficient to recover the investment of the City.

Proprietary Funds

The total net position of the proprietary funds decreased \$1,381,154 or -1.4% in FY 2018. The Wastewater Fund decreased \$1,527,396 or -1.6%. This decrease can be traced back to the ongoing maintenance costs of the wastewater system. This category increased \$1,058,596 in FY 2018. The City conducted a Rate Study and determined with the maintenance and capital improvement needs there would need to be rate increase. The current fixed wastewater user charge was adopted in 2003. After multiple work sessions, the City Council approved on June 5, 2018 a small user charge increase to be phased in over five years.

The Water Fund's total net position improved by 5.2% or \$146,242 in FY 2018. Commercial and residential development has shown increases in FY 2018 resulting in revenue growth for this fund.

Unrestricted net position of the wastewater fund was \$470,170 and for the water resources fund was (\$728,476). The total change in unrestricted net position for both funds was (\$86,421) and \$46,929, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget

During the year there was no need for significant budget amendments to increase original budgeted appropriations. However, there were additional needs for code enforcement building abatements and capital improvements that occurred during the fiscal year requiring transfers from the budgeted General Services contingency. The exceptions were Parks Improvements for Colorado River Nature Center Guard Rail \$67,750; Community Park Beach Upgrades \$100,000; Study for Mountain Bike Trail System and more code enforcement appropriations of \$110,000. Minor budget amendments were also completed to reallocate appropriations within departments when it became necessary.

Final budget compared to actual results

The most significant differences between estimated revenues and actual revenues were as follows:

<u>Revenue source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Variance</u>
Taxes	14,145,419	14,317,938	172,519
Licenses and permits	674,080	723,505	49,425
Intergovernmental revenue	11,105,195	11,322,397	217,202

The increases in the above revenue sources were caused by a combination of an improving economy and the impact of visitors from special events. The City continues to employ a conservative forecast for estimated revenues. Taxes were greater than estimated because of growth in two tax classifications. Contracting prime tax classification increased \$406,658 or 73%; and restaurant and bar tax classification increased \$131,057 or 11% compared to the prior fiscal year.

Intergovernmental revenue increases were attributable to vehicle license tax \$123,560 or 5% and state sales tax \$93,107 or 2%.

A review of actual expenditures compared to the appropriations in the final budget shows the following variances.

<u>Classification</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance</u>
Personnel costs	18,306,936	18,240,674	(66,262)
Services and other charges	6,027,882	5,230,329	(797,553)
Supplies	1,106,782	953,159	(153,623)
Property	201,311	215,660	14,349
Capital Outlay	860,880	307,316	(553,564)
Debt service	107,171	106,303	(868)
Transfers	3,374,233	4,059,191	684,958
	<u>29,985,195</u>	<u>29,112,632</u>	<u>(872,563)</u>

The budgetary savings in personnel costs were offset with increase of overtime costs. Savings in the services and other charges classification included a new animal care program of \$100,000 that was not implemented; Savings in prison inmate costs of \$110,000; Economic development initiatives and incentives of \$144,749 not implemented; Contract labor for recreation programs of \$51,620 not implemented.

Supplies savings included gasoline and diesel savings of \$54,892. Capital outlay savings included \$391,620 vehicle purchases reclassified as transfers to Fleet Services Fund and reclassification of purchases that did not meet capital thresholds.

Transfers included General Fund contribution of \$624,874 to Laughlin Ranch Boulevard Improvement District originally budgeted as debt service financing plus previously discussed vehicle purchases.

Overall budget savings were \$872,563 for the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2018, the City had invested \$160,156,646 (net of accumulated depreciation) in a broad range of capital assets, including police equipment, buildings, park improvements, roads, and sewer transmission and distribution systems. The total increase in capital assets for the fiscal year was approximately \$608,571 or 0.4%.

City of Bullhead City, Arizona
Capital Assets
 As of June 30, 2018
 (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Capital assets not being depreciated:						
Land and improvements	\$ 3,164,161	\$ 3,164,161	\$ 620,883	\$ 620,883	\$ 3,785,044	\$ 3,785,044
Water			3,706,886	3,607,573	3,706,886	3,607,573
Construction in progress	3,703,451	861,435	794,118	7,817,580	4,497,569	8,679,015
Depreciable capital assets:						
Buildings	6,257,425	7,014,972	108,495	112,236	6,365,920	7,127,208
Improvements, other than buildings	1,735,627	1,695,084	40,141	50,176	1,775,768	1,745,260
Furniture, vehicles and equipment	3,813,755	3,415,114	799,546	796,912	4,613,301	4,212,026
Infrastructure	<u>31,060,966</u>	<u>29,937,808</u>	<u>104,351,192</u>	<u>100,454,141</u>	<u>135,412,158</u>	<u>130,391,949</u>
Total	<u>\$ 49,735,385</u>	<u>\$46,088,574</u>	<u>\$110,421,261</u>	<u>\$ 113,459,501</u>	<u>\$160,156,646</u>	<u>\$ 159,548,075</u>

Major capital asset events during the year include the following:

- The purchase of police armored vehicle at cost of \$155,239.
- The purchase of street equipment at cost of \$232,654 for the Street Division.
- The purchase of computer related equipment a cost of \$180,328.
- The purchase of HVAC Replacement for City Hall at cost of \$93,400.
- The purchase of replacement Transit Van and Bus primarily grant funded at a cost of \$198,277.
- The purchase of eight police replacement vehicles at a cost of \$311,851.
- Construction in Progress additions during fiscal year 2018 with \$2.84 million in Governmental Capital Projects.

The City had commitments of approximately \$3,068,570 for capital expenditures commitments as of June 30, 2018.

Additional information on Bullhead City's capital assets can be found in Note 6 on pages 52-53 of this report.

Long-Term Debt

As of June 30, 2018, the City had \$41,463,066 in bonded, and note debt. Of this amount, \$25,652,745 is debt backed the full faith and credit of the City and \$15,810,321 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. The remainder of the City's long-term obligations is comprised of net pension liabilities, compensated absences, and capital leases.

**City of Bullhead City, Arizona
Outstanding Debt
As of June 30, 2018**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2017</u>
Revenue bonds, net of premiums and discounts	\$ 10,778,999	\$ 9,144,402	\$ 18,103,746	\$ 20,771,302	\$ 28,882,745	\$ 29,915,704
Notes payable- Water Infrastructure Financing Authority	12,580,321	14,762,253			12,580,321	14,762,253
Capital lease obligation	-	80,155	242,900	124,845	242,900	205,000
Net pension liabilities	26,209,658	23,928,824			26,209,658	23,928,824
Compensated absences	2,623,127	3,070,073	381,788	531,636	3,004,915	3,601,709
Total	<u>\$ 52,192,105</u>	<u>\$ 50,985,707</u>	<u>\$ 18,728,434</u>	<u>\$ 21,427,783</u>	<u>\$ 70,920,539</u>	<u>\$ 72,413,490</u>

During fiscal year 2018, the City's total long-term liabilities decreased by \$1,492,951 or 2.1 percent. The reason for reduction of debt can be attributed to regularly scheduled debt payments; issuance of new debt; refinancing of outstanding debt; and completion of a note payable.

Bullhead City issued Series 2017 Laughlin Ranch Boulevard Improvement District Bonds for the construction of roadway from Bullhead Parkway to State Route 95 for \$3,230,000. The repayment for the debt will be from special assessments from the property owners of the District.

The City's debt per capita is a useful indicator to citizens and investors of the City's debt position. The debt per capita as of June 30 in 2018 was \$1,774 and 2017 was \$1,812 based on 2016 US Census Estimate of 39,970.

Fitch Ratings on September 13, 2018 has affirmed the 'AA-' rating for the Series 2009 Bullhead City's Municipal Property Corporation Bonds.

Standard & Poor on November 16, 2017 assigned its 'A-' rating for the Laughlin Ranch Boulevard Improvement District Bonds.

Additional information on Bullhead City's long-term liabilities can be found in Note 7 on pages 54-57 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following economic factors were taken into consideration in developing the fiscal year 2018-19 budget.

- Estimated city sales tax revenue with an increase of 3.4 percent compared to estimated 2018 budget.
- State shared revenue distributions were estimated to increase 3.4 percent per the State of Arizona projections.
- No increase of the City's engineering and building fees on comprehensive fee schedule by the social security consumer price index.
- An increase of 7.30 percent in employer public safety retirement costs for a total of 51.07 percent for Tier 1 employees; An increase of 6.70 percent in employer public safety retirement costs for a total of 55.07 percent for Tier 2 employees; and an increase of 14.0 percent in employer public safety retirement costs for a total of 51.87 percent for Tier 3 employees
- The unemployment rate for Bullhead City at April 2018 was 5.4% compared to the April 2017 rate of 5.8%.

All of these factors were considered in preparing Bullhead City's budget.

The General Fund operating budget for fiscal year 2018-19 appropriation is \$28,152,035, an increase of 1.7%, or \$461,707 over the prior year.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Bullhead City, 2355 Trane Road, Bullhead City, Arizona, 86442.

Financial Section

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements - include the Statement of Net Position and Statement of Activities and use the accrual basis of accounting for financial reporting.

Governmental Funds Financial Statements - include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for the major governmental funds that use the modified accrual basis of reporting. Also includes the reconciliations to the government-wide financial statements and the Budget and Actual statements for the General Fund and all major Special Revenue Funds.

Proprietary Funds Financial Statements - include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Fund Net Position and Statement of Cash Flows for the business-type activities that use the accrual basis of accounting for financial reporting.

Notes to the Financial Statements



CITY OF BULLHEAD CITY, ARIZONA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 16,193,380	\$ 833,699	\$ 17,027,079
Receivables (net of allowances)			
Accounts	2,066,112	892,410	2,958,522
Taxes	278,065	-	278,065
Intergovernmental	2,534,962	-	2,534,962
Prepays and inventory	145,392	-	145,392
Restricted cash	2,031,400	2,210,463	4,241,863
Special assessment receivable	10,633,243	-	10,633,243
Internal balances	704,522	(704,522)	-
Net OPEB asset	193,800	-	193,800
Capital assets:			
Non-depreciable	6,867,612	5,121,887	11,989,499
Depreciable (net)	42,867,773	105,299,374	148,167,147
Total assets	<u>84,516,261</u>	<u>113,653,311</u>	<u>198,169,572</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions and OPEB	6,639,614	-	6,639,614
Deferred charge on debt refunding	72,332	474,819	547,151
Total deferred outflows of resources	<u>6,711,946</u>	<u>474,819</u>	<u>7,186,765</u>
LIABILITIES			
Accounts payable	1,583,162	319,574	1,902,736
Accrued payroll and related liabilities	1,064,449	34,579	1,099,028
Other liabilities	788,270	14,716	802,986
Deposits held for others	644,370	238,952	883,322
Interest payable	339,737	290,284	630,021
Long-term liabilities:			
Due within one year:			
Compensated absences	655,782	95,447	751,229
Capital leases payable	-	31,512	31,512
Notes payable	2,181,932	-	2,181,932
Bonds payable	1,657,000	1,910,000	3,567,000
Due in more than one year:			
Compensated absences	1,967,345	286,341	2,253,686
Capital leases payable	-	211,388	211,388
Notes payable	10,398,389	-	10,398,389
Bonds payable	9,121,999	16,193,747	25,315,746
Net pension liabilities	26,209,658	-	26,209,658
Total liabilities	<u>56,612,093</u>	<u>19,626,540</u>	<u>76,238,633</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions and OPEB	1,617,685	-	1,617,685
Deferred revenues	2,490	-	2,490
Total deferred inflows of resources	<u>1,620,175</u>	<u>-</u>	<u>1,620,175</u>
NET POSITION			
Net investment in capital assets	26,472,245	92,549,433	119,021,678
Restricted for:			
Highways and streets	928,239	-	928,239
Community development	1,091,450	-	1,091,450
Public safety	189,002	-	189,002
Other purposes	141,643	-	141,643
Capital projects	2,233,827	-	2,233,827
Debt service	2,410,412	2,210,463	4,620,875
Unrestricted (deficit)	(470,879)	(258,306)	(729,185)
Total net position	<u>\$ 32,995,939</u>	<u>\$ 94,501,590</u>	<u>\$ 127,497,529</u>

See accompanying notes.

CITY OF BULLHEAD CITY, ARIZONA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 12,894,018	\$ 2,283,042	\$ 791,993	\$ 546,940
Public safety	14,400,367	1,915,102	139,498	-
Culture and recreation	3,836,922	396,790	11,000	-
Economic development	103,511	-	-	-
Redevelopment and housing	171,184	-	151,226	-
Highways and streets	4,509,681	65,234	4,650,901	2,891,008
Health and welfare	868,540	-	189,186	-
Interest on long-term debt	741,581			
Total governmental activities	<u>37,525,804</u>	<u>4,660,168</u>	<u>5,933,804</u>	<u>3,437,948</u>
Business-type activities				
Wastewater	10,791,632	8,969,155	-	243,928
Water utility	65,579	111,532	-	-
Total business-type activities	<u>10,857,211</u>	<u>9,080,687</u>	<u>-</u>	<u>243,928</u>
Total government	<u>\$ 48,383,015</u>	<u>\$ 13,740,855</u>	<u>\$ 5,933,804</u>	<u>\$ 3,681,876</u>

General revenues
Taxes:
 City sales tax
 Franchise tax
Intergovernmental:
 State shared sales taxes (unrestricted)
 Urban revenue sharing (unrestricted)
 Stated shared vehicle license tax
Unrestricted investment earnings
Transfers in (out)
 Total general revenues and transfers
Change in net position

Net position, beginning of year
Restatement
Net position as restated, beginning of year

Net position, end of year

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (9,272,043)	\$ -	\$ (9,272,043)
(12,345,767)	-	(12,345,767)
(3,429,132)	-	(3,429,132)
(103,511)	-	(103,511)
(19,958)	-	(19,958)
3,097,462	-	3,097,462
(679,354)	-	(679,354)
(741,581)	-	(741,581)
<u>(23,493,884)</u>	<u>-</u>	<u>(23,493,884)</u>
-	(1,578,549)	(1,578,549)
-	45,953	45,953
<u>-</u>	<u>(1,532,596)</u>	<u>(1,532,596)</u>
<u>(23,493,884)</u>	<u>(1,532,596)</u>	<u>(25,026,480)</u>
13,578,753	-	13,578,753
739,185	-	739,185
3,841,727	-	3,841,727
4,950,665	-	4,950,665
2,530,005	-	2,530,005
151,847	18,442	170,289
(133,000)	133,000	-
<u>25,659,182</u>	<u>151,442</u>	<u>25,810,624</u>
<u>2,165,298</u>	<u>(1,381,154)</u>	<u>784,144</u>
30,725,561	95,882,744	126,608,305
105,080	-	105,080
<u>30,830,641</u>	<u>95,882,744</u>	<u>126,713,385</u>
<u>\$ 32,995,939</u>	<u>\$ 94,501,590</u>	<u>\$ 127,497,529</u>



Government Funds Financial Statements

Major Funds

General Fund

This fund is the city's operating fund. It accounts for all financial resources of the City, except those required to be accounted for in other funds.

HURF Fund

This fund accounts for the City's share of Arizona's highway user tax revenues and associated expenditures legally restricted for road construction and maintenance.

Special Improvement District (SID) Fund

This fund is used to account for resources accumulated and payments made for principal and interest on long-term special assessment debt of the governmental funds.

Non - Major Funds

Other governmental funds are the non-major funds and are special revenue, debt service and capital project funds.

CITY OF BULLHEAD CITY, ARIZONA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General	HURF	SID Debt Service Funds	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 8,846,198	\$ 471,872	\$ 2,624,375	\$ 3,697,395	\$ 15,639,840
Restricted cash	76,817	11,984	-	1,942,599	2,031,400
Receivables, net of allowances for uncollectibles:					
Accounts	772,993	1,216	-	1,101,108	1,875,317
Taxes	209,558	-	-	68,507	278,065
Intergovernmental	2,005,332	346,446	-	183,184	2,534,962
Due from other funds	1,925,547	-	-	-	1,925,547
Inventory and Prepays	9,700	-	-	13,006	22,706
Special assessments receivable	-	-	10,632,099	1,144	10,633,243
Advance to other funds	693,577	-	-	-	693,577
Total assets	\$ 14,539,722	\$ 831,518	\$ 13,256,474	\$ 7,006,943	\$ 35,634,657
LIABILITIES					
Accounts payable	\$ 517,180	\$ 44,550	\$ -	\$ 835,726	\$ 1,397,456
Accrued payroll and related liabilities	996,205	31,521	-	31,537	1,059,263
Due to other funds	-	-	-	1,763,716	1,763,716
Other liabilities	509,508	1,001	1,350	272,454	784,313
Deposits held for others	315,326	-	329,044	-	644,370
Interest payable	-	-	-	151,822	151,822
Matured bonds payable	-	-	-	1,657,000	1,657,000
Total liabilities	2,338,219	77,072	330,394	4,712,255	7,457,940
Deferred inflows of resources					
Unavailable revenue - other	690,345	1,216	-	90,800	782,361
Unavailable revenue - special assessments	-	-	10,583,602	34,229	10,617,831
Total deferred inflows of resources	690,345	1,216	10,583,602	125,029	11,400,192
FUND BALANCES					
Nonspendable					
Inventory and Prepays	9,700	-	-	13,006	22,706
Advances to other funds	693,577	-	-	-	693,577
Restricted					
Highways and streets	-	753,230	-	175,009	928,239
Community development	-	-	-	1,091,450	1,091,450
Public safety	9,825	-	-	179,177	189,002
Capital projects	-	-	-	2,257,675	2,257,675
Debt service	-	-	2,342,478	67,934	2,410,412
Other purposes	66,992	-	-	74,651	141,643
Unassigned	10,731,064	-	-	(1,689,243)	9,041,821
Total fund balances	11,511,158	753,230	2,342,478	2,169,659	16,776,525
Total liabilities, deferred inflows of resources, and fund balances	\$ 14,539,722	\$ 831,518	\$ 13,256,474	\$ 7,006,943	\$ 35,634,657

See accompanying notes.

CITY OF BULLHEAD CITY, ARIZONA
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
 GOVERNMENTAL FUNDS
 June 30, 2018

Fund balances - total governmental funds		\$ 16,776,525
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		49,735,385
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		11,400,192
Deferred charges and credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.		72,332
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the funds:		
Revenue bonds	\$ (9,121,999)	
Notes payable	(12,580,321)	
Accrued interest payable	(187,915)	
Net pension liability	(26,209,658)	
Net OPEB asset	193,800	
Compensated absences	<u>(2,623,127)</u>	(50,529,220)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore are not reported in the funds.		5,021,929
Internal service funds are used by management to charge the cost of certain activities, such as fleet management, risk management and employee benefits to individual funds. The assets and liabilities of internal service funds, net of long-term assets and liabilities reconciled above, are included in in governmental activities in the Statement of Net Position:		<u>518,796</u>
Total net position of governmental activities		<u>\$ 32,995,939</u>

CITY OF BULLHEAD CITY, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	General Fund	HURF	SID Debt Service Funds	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
City tax revenue	\$ 14,317,938	\$ -	\$ -	\$ -	\$ 14,317,938
Intergovernmental	11,322,397	3,787,545	-	2,204,902	17,314,844
Charges for services	1,514,739	-	-	787,142	2,301,881
Special assessments	-	-	2,608,620	125,188	2,733,808
Licenses and permits	723,505	-	-	-	723,505
Fines and forfeitures	868,108	-	-	100,328	968,436
Rents	74,555	-	-	-	74,555
Investment earnings	84,608	3,688	19,276	44,275	151,847
Other revenues	198,879	2,626	-	156,922	358,427
Total revenues	<u>29,104,729</u>	<u>3,793,859</u>	<u>2,627,896</u>	<u>3,418,757</u>	<u>38,945,241</u>
EXPENDITURES					
Current:					
General government	8,329,916	-	79,730	2,030,744	10,440,390
Public safety	12,662,775	-	-	272,460	12,935,235
Culture and recreation	2,946,337	-	-	219,536	3,165,873
Economic development	100,872	-	-	-	100,872
Redevelopment and housing	-	-	-	171,688	171,688
Highways and streets	-	2,898,424	-	712,493	3,610,917
Health and welfare	571,022	-	-	298,903	869,925
Debt service:					
Principal	104,140	-	2,181,932	1,657,000	3,943,072
Interest and fiscal charges	2,163	-	361,710	245,658	609,531
Bond issuance costs	-	-	-	266,500	266,500
Capital outlay	336,213	123,881	-	3,863,821	4,323,915
Total expenditures	<u>25,053,438</u>	<u>3,022,305</u>	<u>2,623,372</u>	<u>9,738,803</u>	<u>40,437,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,051,291</u>	<u>771,554</u>	<u>4,524</u>	<u>(6,320,046)</u>	<u>(1,492,677)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	1,972	-	-	1,300	3,272
Issuance of debt	-	-	-	3,230,000	3,230,000
Transfers in	62,340	1,002,806	-	3,930,931	4,996,077
Transfers out	(4,059,192)	(1,318,416)	-	(324,072)	(5,701,680)
Total other financing (uses) sources	<u>(3,994,880)</u>	<u>(315,610)</u>	<u>-</u>	<u>6,838,159</u>	<u>2,527,669</u>
Net change in fund balances	56,411	455,944	4,524	518,113	1,034,992
Fund balances - beginning of year	<u>11,454,747</u>	<u>297,286</u>	<u>2,337,954</u>	<u>1,651,546</u>	<u>15,741,533</u>
Fund balances - end of year	<u>\$ 11,511,158</u>	<u>\$ 753,230</u>	<u>\$ 2,342,478</u>	<u>\$ 2,169,659</u>	<u>\$ 16,776,525</u>

CITY OF BULLHEAD CITY, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ 1,034,992

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 4,978,641	
Contributed capital	3,069,457	
Depreciation expense	<u>(4,401,289)</u>	3,646,809

Pension and OPEB 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 reported 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.

(1,901,023)

Collection of revenues in the governmental funds exceed revenues
reported in the Statement of Activities

(2,190,411)

Debt proceeds provide current financial resources to governmental funds,
but issuing debt increases long-term liabilities in the Statement of Net Position
Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the Statement of Net Position.
Also, governmental funds report the effect of premiums, discounts, and similar
items when debt is issued, whereas these amounts are amortized in the
Statement of Activities.

Debt issued or incurred	(3,230,000)	
Principal repaid	3,919,088	
Amortization of deferred charge/credit on debt refunding	<u>(24,110)</u>	664,978

Some expenses reported in the Statement of Activities do not require the use of
current financial resources, and therefore, are not reported as
expenses in governmental funds.

Decrease in compensated absences payable		446,946
Interest on debt		<u>(187,915)</u>

Internal service funds are used by management to charge the costs of certain
activities, such as fleet management, risk management and employee benefits to
individual funds. The change in net position of internal service funds less the
change in non-current assets and liabilities is reported with governmental
activities in the Statement of Activities.

650,922

Change in net position of governmental activities

\$ 2,165,298



Proprietary Fund Financial Statements

Enterprise Fund

Wastewater Fund

This fund is used to account for the administration, operations and maintenance of the wastewater collection lines and treatment facility.

Water Fund

This fund is used to account for the activities of the City's water utility operations.

CITY OF BULLHEAD CITY, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2018

ASSETS	Business-type Activities-Enterprise Funds			Governmental
	Wastewater	Water	Total	Activities
	Fund	Fund		Internal
Current assets				Services Funds
Cash and cash equivalents	\$ 833,699	\$ -	\$ 833,699	\$ 553,540
Accounts receivable, net	892,410	-	892,410	190,795
Inventory	-	-	-	35,694
Prepaid expenses	-	-	-	86,992
Total current assets	<u>1,726,109</u>	<u>-</u>	<u>1,726,109</u>	<u>867,021</u>
Noncurrent assets				
Restricted cash	2,210,463	-	2,210,463	-
Capital assets:				
Capital assets, not being depreciated	1,415,002	3,706,885	5,121,887	-
Capital assets, being depreciated, net	105,299,374	-	105,299,374	2,582,234
Total noncurrent assets	<u>108,924,839</u>	<u>3,706,885</u>	<u>112,631,724</u>	<u>2,582,234</u>
Total assets	<u>110,650,948</u>	<u>3,706,885</u>	<u>114,357,833</u>	<u>3,449,255</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on debt refunding	<u>474,819</u>	<u>-</u>	<u>474,819</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Accounts payable	295,620	23,954	319,574	185,706
Accrued payroll and related liabilities	34,579	-	34,579	5,186
Due to other funds	-	10,945	10,945	150,886
Other liabilities	14,716	-	14,716	3,957
Deposits held for others	238,952	-	238,952	-
Current portion of:				
Interest payable	290,284	-	290,284	-
Bonds payable	1,910,000	-	1,910,000	-
Capital lease payable	31,512	-	31,512	-
Compensated absences	95,447	-	95,447	-
Total current liabilities	<u>2,911,110</u>	<u>34,899</u>	<u>2,946,009</u>	<u>345,735</u>
Noncurrent liabilities				
Compensated absences	286,341	-	286,341	-
Advance from other funds	-	693,577	693,577	-
Capital leases payable	211,388	-	211,388	-
Bonds payable, net	16,193,747	-	16,193,747	-
Total noncurrent liabilities	<u>16,691,476</u>	<u>693,577</u>	<u>17,385,053</u>	<u>-</u>
Total liabilities	<u>19,602,586</u>	<u>728,476</u>	<u>20,331,062</u>	<u>345,735</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	2,490
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,490</u>
NET POSITION				
Net investment in capital assets	88,842,548	3,706,885	92,549,433	2,582,234
Restricted for debt service	2,210,463	-	2,210,463	-
Unrestricted (deficit)	470,170	(728,476)	(258,306)	518,796
Total net position	<u>\$ 91,523,181</u>	<u>\$ 2,978,409</u>	<u>\$ 94,501,590</u>	<u>\$ 3,101,030</u>

CITY OF BULLHEAD CITY, ARIZONA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-type Activities-Enterprise Funds			Governmental
	Wastewater		Total	Activities
	Fund	Fund		Internal Services Funds
Operating revenues				
Charges for services	\$ 8,927,767	\$ -	\$ 8,927,767	\$ 6,023,051
Application fees, tap fees and other	-	104,349	104,349	-
Other revenues	2,106	7,183	9,289	512,496
Total operating revenue	<u>8,929,873</u>	<u>111,532</u>	<u>9,041,405</u>	<u>6,535,547</u>
Operating expenses				
Salaries and related expenses	2,747,629	-	2,747,629	407,461
Medical claims and self-insurance	-	-	-	3,946,646
Administration	795,275	65,579	860,854	1,485,788
Utilities	893,359	-	893,359	34,092
Maintenance, supplies and equipment	1,347,159	-	1,347,159	24,897
Depreciation	4,115,474	-	4,115,474	278,312
Other	193,556	-	193,556	645
Total operating expenses	<u>10,092,452</u>	<u>65,579</u>	<u>10,158,031</u>	<u>6,177,841</u>
Operating income (loss)	<u>(1,162,579)</u>	<u>45,953</u>	<u>(1,116,626)</u>	<u>357,706</u>
Non-operating Revenues (Expenses)				
Investment income	18,153	289	18,442	2,507
Gain (loss) on disposal of capital assets	2,200	-	2,200	17,102
Interest expense and fiscal charges	(662,098)	-	(662,098)	-
Total nonoperating revenue (expense)	<u>(641,745)</u>	<u>289</u>	<u>(641,456)</u>	<u>19,609</u>
Income (loss) before contributions and transfers	<u>(1,804,324)</u>	<u>46,242</u>	<u>(1,758,082)</u>	<u>377,315</u>
Capital contributions	243,928	-	243,928	178,449
Transfers in	95,340	100,000	195,340	572,603
Transfers out	(62,340)	-	(62,340)	-
Change in net position	<u>(1,527,396)</u>	<u>146,242</u>	<u>(1,381,154)</u>	<u>1,128,367</u>
Net position, beginning of year	<u>93,050,577</u>	<u>2,832,167</u>	<u>95,882,744</u>	<u>1,972,663</u>
Total net position-end of year	<u>\$ 91,523,181</u>	<u>\$ 2,978,409</u>	<u>\$ 94,501,590</u>	<u>\$ 3,101,030</u>

CITY OF BULLHEAD CITY, ARIZONA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2018

	Business-type Activities-Enterprise Funds			Governmental
	Wastewater Fund	Water Fund	Total	Activities Internal Services Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 9,757,078	\$ 104,349	\$ 9,861,427	\$ -
Receipts from interfund services	-	-	-	5,836,813
Other operating receipts	2,106	7,183	9,289	512,496
Payments to suppliers	(4,175,308)	(43,754)	(4,219,062)	(5,669,197)
Payments to employees	(2,951,168)	-	(2,951,168)	(415,241)
Cash flows provided (used) by operating activities	<u>2,632,708</u>	<u>67,778</u>	<u>2,700,486</u>	<u>264,871</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund advances	-	(81,990)	(81,990)	-
Interfund borrowings	-	10,945	10,945	(61,652)
Interfund transfers	33,000	100,000	133,000	572,603
Cash flows provided (used) by noncapital and related financing activities	<u>33,000</u>	<u>28,955</u>	<u>61,955</u>	<u>510,951</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(733,993)	(99,313)	(833,306)	(577,308)
Proceeds from sale of capital assets	2,200	-	2,200	17,102
Capital debt proceeds	265,280	-	265,280	-
Principal paid on long term debt	(2,820,822)	-	(2,820,822)	-
Interest paid on long-term debt	(631,283)	-	(631,283)	-
Cash flows provided (used) by capital and related financing activities	<u>(3,918,618)</u>	<u>(99,313)</u>	<u>(4,017,931)</u>	<u>(560,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	18,153	289	18,442	2,507
Cash flows provided (used) by investing activities	<u>18,153</u>	<u>289</u>	<u>18,442</u>	<u>2,507</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(1,234,757)</u>	<u>(2,291)</u>	<u>(1,237,048)</u>	<u>218,123</u>
Cash and cash equivalents at beginning of year	<u>4,278,919</u>	<u>2,291</u>	<u>4,281,210</u>	<u>335,417</u>
Cash and cash equivalents at end of year	<u>\$ 3,044,162</u>	<u>\$ -</u>	<u>\$ 3,044,162</u>	<u>\$ 553,540</u>

	Business-type Activities-Enterprise Funds			Governmental
	Wastewater	Water	Total	Activities
	Fund	Fund		Internal
			Services Funds	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Net operating income (loss)	\$ (1,162,579)	\$ 45,953	\$ (1,116,626)	\$ 357,706
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	4,115,474	-	4,115,474	278,312
Provision for bad debt	37,082	-	37,082	-
Changes in operating assets and liabilities				
Payments from other funds				
Accounts receivable	782,283	-	782,283	(184,837)
Inventory and prepaid items	-	-	-	(86,992)
Increase/(decrease) in:				
Accounts payable	(912,086)	21,825	(890,261)	(90,137)
Accrued payroll and related liabilities	(53,691)	-	(53,691)	(7,780)
Other liabilities	(33,873)	-	(33,873)	-
Customer deposits	9,946	-	9,946	-
Unearned revenue	-	-	-	(1,401)
Compensated absences	(149,848)	-	(149,848)	-
Net cash provided (used) by operating activities:	<u>\$ 2,632,708</u>	<u>\$ 67,778</u>	<u>\$ 2,700,486</u>	<u>\$ 264,871</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets	\$ 243,928	\$ -	\$ 243,928	\$ 178,449
Gain (loss) on disposal of capital asset	246,128	-	246,128	-
Amortization of bond premium	6,042	-	6,042	-
Amortization of deferred charge on refunding	59,363	-	59,363	-
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents	\$ 833,699	\$ -	\$ 833,699	\$ 553,540
Restricted cash	2,210,463	-	2,210,463	-
Total cash and cash equivalents	<u>\$ 3,044,162</u>	<u>\$ -</u>	<u>\$ 3,044,162</u>	<u>\$ 553,540</u>



Notes to the Financial Statements



CITY OF BULLHEAD CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Bullhead City, Arizona (the City) conform to U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant accounting policies follows.

A. Reporting Entity

The City, incorporated in 1984, is a general purpose local government that is governed by an elected Mayor and Council. As required under generally accepted accounting principles, these financial statements present the activities of the City (a primary government) and its component units. Component units are legally separate entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are in substance part of the City's operations. Therefore, data from these component units is combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in combined financial statements to emphasize that it is legally separate from the government. The City has no discretely presented component units.

Blended Component Units

The Bullhead City Municipal Property Corporation (MPC) was formed as a nonprofit corporation that assists in the acquisition and financing of municipal projects and facilities. The City Council appoints all members of the board of directors. The City has no liability for the Corporations' debt. For financial reporting purposes, transactions of the Corporation are combined together and included as if they were part of the City's operations.

The Bullhead City Sewer Improvement Districts #1, 2 and 3 were formed as improvement districts that were created to fund sewer services for specific property owners. The City Council serves as the board of directors and have ability to significantly influence operations. The City has no liability for the Districts' debt. For financial reporting purposes, transactions of the Districts are combined together and included as if they were part of the City's operations.

The Bullhead City Parkway Road Improvement District and East Branch Sewer District were formed as Improvement districts that were created to fund construction of a roadway and a supporting sewer line. The City Council serves as the board of directors and has the ability to significantly influence operations. The City has no liability for the Districts' debt. For financial reporting purposes, transactions of the Districts are combined together and included as if they were part of the City's operations.

Financial data for each of the individual component units may be obtained at the City's administrative offices.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation – Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment (e.g. special assessments). Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements; all non-major funds are aggregated and presented in a single column.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Special assessments are recognized as revenues in the year for which the related capital projects are substantially complete. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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.

CITY OF BULLHEAD CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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. Only the portion of special assessments receivable due within the next fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City 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 required to be accounted for in another fund.

The *High User Revenue Fund (HURF)* accounts for the City's share of Arizona highway user tax revenues and associated expenditures legally restricted for road construction and maintenance.

The *Special Improvement District (SID) Debt Service Funds* is used to account for the resources accumulated and payments made for principal and interest on long-term special assessment debt of the governmental funds.

The City reports the following major proprietary fund:

The *Wastewater Fund* is used to account for the administration, operations and maintenance of the wastewater collection lines and treatment facility.

The *Water Fund* is used to account for the activities of the City's water utility operations.

Additionally, the City reports the following fund type:

Internal Service Funds account for the fleet management services and insurance services provided to other departments or agencies of the government on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to the general rule are charges between the City's wastewater function and various other functions of the City. Elimination of these charges would distort the costs and program revenues reported for the various functions concerned.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 wastewater and water funds, and of the City's internal service funds, are charges to customers and departments for sales and services provided. The wastewater fund also recognizes as operating revenue the tap fees intended to recover the cost of connecting new customers to the collection system. Operating expense for enterprise and internal service funds include the cost of sales and services, administration expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Deposits and Investments

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.

Investments for the City, as well as for its component unit, are reported at fair value. The Arizona State Treasurer's local government investment pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

CITY OF BULLHEAD CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Receivables and Payables (Continued)

All trade receivables are shown net of an allowance for uncollectibles. The amount of the estimated uncollectible trade receivables at June 30, 2018 was \$108,000, which represents approximately 5.9% of the current trade receivables balance. There is no allowance for uncollectibles on special assessments receivable as the City has a subordinated lien on all properties subject to the special assessments.

F. Inventories and Prepaid Items

All inventories are valued at cost (determined by weighted average method) and consist of expendable supplies held for consumption. Inventories of the City are recorded as expenditures when consumed.

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

G. Restricted Assets

Certain proceeds of the City's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

H. Capital assets

The City's capital assets, which include land, buildings and related improvements, furniture, vehicles, equipment, construction in progress and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported consistent with all other capital assets and are presented in the government-wide financial statements.

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.

CITY OF BULLHEAD CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital assets (Continued)

Property, plant and equipment of the City, as well as its component unit, is depreciated using the straight-line method over the following estimated useful lives:

Buildings	25 to 40 years
Building improvements	5 to 25 years
Public domain infrastructure	15 to 25 years
System infrastructure (wastewater system)	40 to 45 years
Furniture, vehicles and equipment	3 to 10 years

I. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused personal leave and vacation. Upon termination, the employee would be entitled to 50 – 100% of unused personal leave. Compensated absences are accrued and reported as liabilities in the government-wide and proprietary fund financial statements. Governmental funds report only the current portion of compensated absences payable as a result of employee termination, resignation or retirement.

J. 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 in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized 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 period of bond issuance. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows/Inflows of Resources (Continued)

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.

L. Post-employment benefits

For purposes of measuring the net pension liability/OPEB, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

M. 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.

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.

N. 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).

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Policies (Continued)

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 City Manager is authorized to assign amounts to a specific purpose in accordance with the City's budget policy. 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.

The City has adopted a policy whereby it will set a minimum unassigned fund balance, equal to thirty percent of current year expenditures in the General Fund, to provide for any shortfalls in the enterprise funds and for required redemptions related to special assessment debt, should the collections of special assessments not cover the current liability.

O. 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

P. Special assessments

The City has made certain special assessments, in lieu of adopting a property tax, to pay for the cost of constructing wastewater collection lines. Revenue from special assessments is recognized upon completion of the related improvement and is recorded in governmental capital project funds, to the extent available.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Intergovernmental grants and aid

Money received from other government agencies in the form of grants or aid based on an entitlement period is recorded as intergovernmental receivables and revenues when entitlement occurs. Reimbursement grants are recorded as intergovernmental receivables and revenues when the related expenditures are incurred.

R. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 proprietary funds are charges to customers for sales and services. Operating expenses for enterprise 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 non-operating revenues and expenses.

S. Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual amounts may differ from such estimates.

T. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. The City is subject to the State of Arizona's Spending Limitation Law for City's and Cities. This law does not permit the City to spend more than the budgeted revenues plus the prior year's carryover of unrestricted cash. The limitation is applied to the total of the combined funds.

U. Expenditures over Appropriations

The REO Fund, Street Lighting Fund, and Excise Revenue Bond Refunding Fund Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual each report an excess of expenditures over appropriations for the year ended June 30, 2018.

CITY OF BULLHEAD CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Postemployment Benefits Other than Pensions

For the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), as amended by GASB Statement No. 85, Omnibus 2017, even though the impact to the City's financial statements is immaterial. GASB Statement No. 75 established standards for measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plans. The additional disclosures required by Statement No. 75 are not included in these financial statements, because the impact is not material to the City's financial statements.

W. Deficit fund balance

At June 30, 2018, the following funds reported deficits in net position or fund balances:

<u>Fund</u>	<u>Deficit</u>
Bullhead Parkway Improvement District	\$1,149,141
REO	419,562
Senior Nutrition Center	57,030
CDBG/HTF	29,831
Police Grant	33,679

The City anticipates resolving the deficits through transfers from other funds.

NOTE 2 DEPOSITS AND INVESTMENTS

State law limits deposits and investments to the Arizona State Treasurer's local government investment pool (LGIP), interest bearing savings accounts, certificates of deposit, United States Treasury Bills, notes or bonds which have a maturity date of not more than one year, and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral.

Deposits:

Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 102 percent of all deposits not covered by federal depository insurance. In the case of deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned.

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2018, the City's carrying amount of deposits was \$6,518,499 and the bank balance was \$7,206,637. As of June 30, 2018, the City's deposits were fully insured by the Federal Deposit Insurance Corporation or covered by collateral held by the pledging financial institution's trust department in the City's name. The City also maintains petty cash for use in daily operations that totals \$8,390.

Restricted cash of \$4,241,863 consists of cash held by a trustee. Future use will be for one or more of the following: 1) payments on current liabilities relating to outstanding bonds payable, 2) to reduce the employer portion of required contributions to the qualified retirement plan, or 3) for payments on future construction projects.

Investments:

As of June 30, 2018, the City's deposit with the State Treasurer's local government investment pool 5 was \$10,500,190.

The State Board of Investment provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares, and the participant's shares are not identified with specific investments and not subject to custodial credit risk.

Credit risk: To manage risk, the City's policies restrict investments as follows: i) limiting investments to the safest types of securities, ii) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business, and iii) diversifying the investment portfolio so that potential losses on individual securities will be minimized. At June 30, 2018, credit risk for the City's investments was as follows:

Investment Type	Total	Ratings		
		AAAF/S1+	AAA	Unrated
Primary Government				
LGIP	\$ 10,500,190	\$ 10,500,190	\$ -	\$ -
Total	\$ 10,500,190	\$ 10,500,190	\$ -	\$ -

Interest rate risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting a) structuring the investment portfolio to meet cash requirements for ongoing operations b) investing operating funds primarily in short-term securities.

CITY OF BULLHEAD CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

At June 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Remaining Maturity 12 Months or Less</u>
Primary Government LGIP	<u>\$ 10,500,190</u>
Total	<u><u>\$ 10,500,190</u></u>

Concentration of credit risk: The City's policies do not limit the maximum amount that can be invested in any single issuer. At June 30, 2018, all of the City's investments were with the Arizona State Treasurer's local government investment pool.

Custodial credit risk: For investments, this is the risk that, in the event of a failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk.

NOTE 3 RECEIVABLES

Receivables as of June 30, 2018 for the City's individual major funds, nonmajor funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	HURF Funds	SID Debt Service Funds	Nonmajor Governmental Funds	Wastewater Fund	Internal Service Funds	Total
Receivables:							
Accounts	\$ 772,993	\$ 1,216	\$ -	\$ 1,101,108	\$1,001,289	\$190,795	\$ 3,067,401
Taxes	209,558	-	-	68,507	-	-	278,065
Intergovernmental	2,005,332	346,446	-	183,184	-	-	2,534,962
Special assessments	-	-	10,632,099	1,144	-	-	10,633,243
Gross receivables	<u>2,987,883</u>	<u>347,662</u>	<u>10,632,099</u>	<u>1,353,943</u>	<u>1,001,289</u>	<u>190,795</u>	<u>16,513,671</u>
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,879)</u>	<u>-</u>	<u>(108,879)</u>
Net total receivables	<u><u>\$2,987,883</u></u>	<u><u>\$347,662</u></u>	<u><u>\$10,632,099</u></u>	<u><u>\$ 1,353,943</u></u>	<u><u>\$ 892,410</u></u>	<u><u>\$190,795</u></u>	<u><u>\$16,404,792</u></u>

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2018 is as follows:

Due to/from other funds:

<u>Fund</u>	<u>Receivable Amount</u>	<u>Payable Amount</u>
General Fund	\$ 1,925,547	\$ -
Non-Major Governmental Funds	-	1,763,716
Water Fund	-	10,945
Internal Service Funds	-	150,886
Total	<u>\$ 1,925,547</u>	<u>\$ 1,925,547</u>

The outstanding balances between funds results mainly from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts also include balances of working capital loans made to several nonmajor governmental funds which the general fund expects to collect in the subsequent year. All interfund balances are expected to be repaid within one year.

Advances from/to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 693,577

The amounts payable to the general fund relate to working capital loans made to the water fund. The balance is not expected to be collected in the subsequent year.

NOTE 5 INTERFUND TRANSFERS

The composition of interfund transfers for the year ended June 30, 2018 is as follows:

<u>Fund</u>	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 4,059,192	\$ 62,340
HURF Fund	1,318,416	1,002,806
SID Debt Service Funds	-	-
Non-Major Governmental Funds	324,072	3,930,931
Wastewater Fund	62,340	95,340
Water Fund	-	100,000
Fleet Internal Service Fund	-	572,603
Total	<u>\$ 5,764,020</u>	<u>\$ 5,764,020</u>

CITY OF BULLHEAD CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 5 INTERFUND TRANSFERS (Continued)

Transfers are used to 1) move revenues from the special revenue funds with collection authorization to the debt service funds to pay principal and interest payments as they become due, 2) move designated revenues and proceeds to the capital project funds to pay for capital outlay, and 3) move unrestricted revenues to finance various programs that the City accounts for in other funds.

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,164,161	\$ -	\$ -	\$ 3,164,161
Construction in progress	861,435	3,524,534	(682,518)	3,703,451
Total capital assets not being depreciated	4,025,596	3,524,534	(682,518)	6,867,612
Capital assets being depreciated:				
Buildings	20,173,238	-	-	20,173,238
Improvements, other than buildings	4,388,434	387,402	-	4,775,836
Furniture, vehicles and equipment	20,168,245	1,271,609	(239,975)	21,199,879
Infrastructure	150,812,516	3,547,073	-	154,359,589
Total capital assets being depreciated	195,542,433	5,206,084	(239,975)	200,508,542
Less accumulated depreciation:				
Buildings	(13,158,266)	(757,547)	-	(13,915,813)
Improvements, other than buildings	(2,693,350)	(346,859)	-	(3,040,209)
Furniture, vehicles and equipment	(16,753,131)	(872,968)	239,975	(17,386,124)
Infrastructure	(120,874,708)	(2,423,915)	-	(123,298,623)
Total accumulated depreciation	(153,479,455)	(4,401,289)	239,975	(157,640,769)
Total capital assets being depreciation, net	42,062,978	804,795	-	42,867,773
Governmental activities capital assets, net	\$ 46,088,574	\$ 4,329,329	\$ (682,518)	\$ 49,735,385

CITY OF BULLHEAD CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 6 CAPITAL ASSETS (Continued)

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 620,883	\$ -	\$ -	\$ 620,883
Water rights	3,607,573	99,313	-	3,706,886
Construction in progress	7,817,580	592,282	(7,615,744)	794,118
Total capital assets not being depreciated	<u>12,046,036</u>	<u>691,595</u>	<u>(7,615,744)</u>	<u>5,121,887</u>
Capital assets being depreciated:				
Buildings	149,647	-	-	149,647
Improvements, other than buildings	123,874	-	-	123,874
Equipment and vehicles	3,999,926	395,260	(17,745)	4,377,441
Wastewater facilities, equipment and collection lines	144,937,854	7,606,123	-	152,543,977
Total capital assets being depreciated	<u>149,211,301</u>	<u>8,001,383</u>	<u>(17,745)</u>	<u>157,194,939</u>
Less accumulated depreciation:				
Buildings	(37,411)	(3,741)	-	(41,152)
Improvements, other than buildings	(73,698)	(10,035)	-	(83,733)
Equipment and vehicles	(3,203,014)	(392,626)	17,745	(3,577,895)
Wastewater facilities, equipment and collection lines	(44,483,713)	(3,709,072)	-	(48,192,785)
Total accumulated depreciation	<u>(47,797,836)</u>	<u>(4,115,474)</u>	<u>17,745</u>	<u>(51,895,565)</u>
Total capital assets being depreciation, net	<u>101,413,465</u>	<u>3,885,909</u>	<u>-</u>	<u>105,299,374</u>
Business-type activities capital assets, net	<u>\$ 113,459,501</u>	<u>\$ 4,577,504</u>	<u>\$ (7,615,744)</u>	<u>\$ 110,421,261</u>

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

Governmental activities:	
General government	\$ 1,065,552
Highways and streets	2,308,251
Culture and recreation	576,626
Public safety	450,860
Total depreciation expense - governmental activities	<u>\$ 4,401,289</u>
Business-type activities:	
Wastewater Fund	<u>\$ 4,115,474</u>
Total depreciation expense - business-type activities	<u>\$ 4,115,474</u>

CITY OF BULLHEAD CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 7 LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2018 was as follows:

Governmental activities:	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable					
Revenue bonds	\$ 9,144,402	\$ -	\$ (1,595,403)	\$ 7,548,999	\$ 1,657,000
Improvement Bond	-	3,230,000	-	3,230,000	-
Total bonds payable	9,144,402	3,230,000	(1,595,403)	10,778,999	1,657,000
Notes payable - Water					
Infrastructure Financing Authority	14,762,253	-	(2,181,932)	12,580,321	2,181,932
Capital leases	80,155	-	(80,155)	-	-
Net pension liabilities	23,928,824	2,280,834	-	26,209,658	-
Compensated absences	3,070,073	1,510,466	(1,957,412)	2,623,127	655,782
Governmental activities long term liabilities	\$50,985,707	\$ 7,021,300	\$ (5,814,902)	\$ 52,192,105	\$ 4,494,714
Business type activities:					
Revenue bonds	\$20,813,598	\$ -	\$ (2,673,598)	\$ 18,140,000	\$ 1,910,000
Less deferred amounts:					
For issuance discounts and premiums	(42,296)	-	6,043	(36,253)	-
Total bonds payable	20,771,302	-	(2,667,555)	18,103,747	1,910,000
Capital leases	124,845	265,280	(147,225)	242,900	31,512
Compensated absence	531,636	200,826	(350,674)	381,788	95,447
Business-type activities long term liabilities	\$21,427,783	\$ 466,106	\$ (3,165,454)	\$ 18,728,435	\$ 2,036,959

Internal service funds predominantly serve the governmental activities. Accordingly, long-term liabilities for all internal service funds are included as part of the above totals for governmental activities. Generally, for governmental activities, compensated absences and net pension liabilities are liquidated by the General Fund.

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 LONG-TERM LIABILITIES (Continued)

Bonds payable:

The City has pledged revenue derived from taxes collected or from the acquired or constructed assets to pay debt service on the excise tax revenue bonds.

Bonds currently outstanding at year end are as follows:

	Original amount	Interest rates	Year of maturity	Outstanding principal
Governmental activities:				
MPC Excise Tax Revenue Bonds, Series 2013	\$ 6,605,000	2.48%	2021	\$ 6,289,999
MPC Excise Tax Revenue Bonds, Series 2015 B	1,554,000	1.98%	2026	1,259,000
Laughlin Ranch Improvement Bonds 2017	<u>3,230,000</u>	2.3% 4.00%	2042	<u>3,230,000</u>
Total governmental activities	<u>\$ 11,389,000</u>			<u>\$ 10,778,999</u>
Business-type activities:				
MPC Municipal Facilities Bonds, Series 2009	\$ 17,960,000	3.795%	2027	\$ 5,900,000
Wastewater Revenue Bonds, Series 2013	<u>15,845,000</u>	3.25% - 5.00%	2025	<u>12,240,000</u>
Total business-type activities	<u>\$ 33,805,000</u>			<u>\$ 18,140,000</u>

Annual debt service requirements to maturity for the bonds are as follows:

Year ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,657,000	\$ 276,397	\$ 1,910,000	\$ 520,512
2020	1,805,000	234,301	1,970,000	454,328
2021	1,847,000	189,901	2,030,000	391,887
2022	1,886,000	144,412	2,095,000	325,898
2023	264,000	118,388	2,165,000	256,295
2024-2042	<u>3,319,999</u>	<u>1,178,392</u>	<u>7,970,000</u>	<u>318,320</u>
Total	<u>\$ 10,778,999</u>	<u>\$ 2,141,791</u>	<u>\$ 18,140,000</u>	<u>\$ 2,267,240</u>

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 LONG-TERM LIABILITIES (Continued)

Notes payable:

The City received loans from the Water Infrastructure Financing Authority (WIFA) for the construction of wastewater collection lines and facilities. The debt is secured by, and to be repaid from, amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received. Notes payable at year end are as follows:

	Original amount	Interest rates	Year of maturity	Outstanding principal
Governmental activities:				
Water Infrastructure Finance Authority, 2004	\$ 11,686,806	2.892%	2023	\$ 2,368,277
Water Infrastructure Finance Authority, 2006	28,422,230	2.340%	2025	10,212,044
Total	\$ 40,109,036			\$ 12,580,321

Annual debt service requirements to maturity for the notes are as follows:

Year ending June 30,	Governmental Activities	
	Principal	Interest
2019	\$ 2,181,932	\$ 343,025
2020	2,181,932	277,415
2021	2,181,932	211,806
2022	2,181,932	146,196
2023	1,651,869	89,046
2024-2025	2,200,724	49,945
Total	\$ 12,580,321	\$ 1,117,433

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 7 LONG-TERM LIABILITIES (Continued)

Capital leases:

The City acquired equipment under the provisions of long-term lease agreements classified as capital leases. The assets acquired through capital leases are as follows:

Asset:	Business-type Activities
Machinery and equipment	\$ 265,280
	265,280
Less accumulated depreciation	(2,708)
Totals	\$ 262,572

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

Year ended June 30,	Business-type Activities
2019	\$ 41,050
2020	41,050
2021	41,050
2022	41,050
2023	109,462
Total minimum lease payments	273,662
Less amount representing	
Interest	(30,762)
Present value of future minimum payments	\$ 242,900

Compensated absences and claims and judgments:

Vacation and personal time accrue during each pay period at a rate determined by years of service. Both vacation and personal time can be taken as time off from work, within certain limitations, or may be payable to employees upon termination or retirement. Claims and judgments are generally paid from the fund that accounts for the activity that gave rise to the claim.

NOTE 8 CONTINGENCIES

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; and natural disasters for which the City uses a combination of self-insurance and third party insurance. The City is self-insured for general and automobile liability. An excess coverage insurance policy is available for individual claims in excess of \$75,000 and is provided by the Arizona Municipal Risk Retention Pool.

The City provides life, health, and disability benefits to its employees and their dependents through the Northwest Arizona Employee Benefit Trust, currently composed of three member cities. The Trust provides the benefits through a self-funding agreement with its participants and administers the program, and the City is responsible for paying the premium and requires its employees to contribute a portion of that premium. If it withdraws from the Trust, the City is responsible for any claims run-out costs, including claims reported but not settled, claims incurred but not reported, and administrative costs. If the Trust were to terminate, the City would be responsible for its proportional share of any Trust deficit. To protect the City against significant claims, a \$95,000 stop loss insurance policy is in place.

Consent decree with Arizona Department of Environmental Quality:

The City voluntarily entered into a Consent Decree with the Arizona Department of Environmental Quality (ADEQ) in 1997. This decree stipulated that the City would construct improvements and additions to the Bullhead City Wastewater System designed to expand the service area and capacity of the system.

The consent decree identified specific expansion requirements and the timeline in which those expansions must be completed. If the City fails to meet the specific performance requirements of the decree, ADEQ can impose monetary fines that range from \$1,000 to \$3,000 per day depending on the length of time that the City remains in non-compliance. The City is currently in compliance with the consent decree.

Litigation:

The City is a defendant in various lawsuits, which arise in the ordinary course of its operations. The City is unable to predict the outcomes of these proceedings, therefore no liability has been accrued in the accompanying financial statements.

Construction commitments:

The City has active construction projects and related commitments. The projects include drainage improvements and the construction of additional wastewater lift station. At year end the City had approximately \$3,068,570 in commitments to contractors for construction projects.

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The City contributes to two plans as described below. For public safety personnel, state statute regulates retirement, death, long-term disability, and survivor insurance premium benefits. The plan is a component unit of the State of Arizona. Benefits for non-public safety personnel are established based on contributions to the plan. At June 30, 2018, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net pension liabilities	\$ 26,209,658
Deferred outflows of resources	6,639,614
Deferred inflows of resources	1,617,685
Pension expense	5,045,012

The City reported \$2,277,593 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

A. Defined Contribution Plan

The City has established a mandatory defined contribution deferred compensation plan for all employees not covered under the PSPRS. Contributions to the plan are administered by a third-party, ICMA Retirement Corporation (ICMA-RC). In accordance with GASB Statement No. 32, the City provides neither administrative services nor investment advice. Consequently, no fiduciary relationship exists between the City and the compensation plan. Therefore, plan assets are not included as a fund of the City.

The ICMA-RC is the plan administrator and trustee for the defined contribution plan and provides statements to participants. Reports may be obtained by writing or calling the applicable plan.

ICMA-RC
 777 North Capitol Street, NE
 Washington, DC 20002
 (202) 962-4600

Plan Description – In lieu of participating in FICA – Social Security, the City has defined contribution plan in accordance with Internal Revenue Code Section 401(a). The plan is available to all employees not covered under the Public Safety Personnel Retirement System (PSPRS). The plan is administered through ICMA Retirement Corporation (ICMA-RC), and participants are allowed to choose from various investment funds offered by the company. There are no securities of the City included in the plan assets.

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

A. Defined Contribution Plan (Continued)

Funding Policy – The plan is available to all full-time employees of the City, except police personnel who are covered under the Arizona Public Safety Personnel Retirement System (PSPRS). The plan requires participants to contribute 6.25 percent of their earnings and the City to contribute 9.05 percent. Normal retirement age is 65 (59 ½ effective July 1, 2002). Member and employee contributions are recognized in the period that the contributions are due. The employee’s contributions is on hundred percent (100%) per year of service for exempt employees and twenty-five percent (25%) per year of service for non-exempt employees. Thus exempt employees are vested at one hundred percent (100%) after four years of service. Employees who leave the City’s employment before one year of service do not receive any of the employer contribution. The following describes the payroll and contribution requirements for the year ended June 30, 2018.

	<u>Total Payroll</u>	<u>Covered Payroll</u>	<u>% of Covered Payroll</u>	<u>Required Contributions</u>	<u>Actual Contributions</u>
Employer	17,102,356	\$ 11,268,199	9.05%	1,019,772	\$ 1,019,772
Employee		11,176,443	6.25%	698,528	698,528

B. Public Safety Personnel Retirement System

Plan Description – City police and fire department employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent and cost-sharing multiple-employer defined benefit pension plan and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool).

The PSPRS issues a publicly available financial report that include their financial statements and required supplementary information. The reports are available on the PSPRS web site at www.psprs.com.

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

PSPRS	Initial membership date:	
	Before January 1, 2012	On or after January 1, 2012 and before July 1, 2017
Retirement and Disability		
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 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%	1.5% to 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 Benefits		
Retired Members	80% 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	

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirement and survivor benefits are subject to automatic cost-of-living adjustments. The adjustments are based on inflation for PSPRS. In addition, the Legislature may enact permanent one-time benefit increases after a Joint Legislative Budget Committee analysis of the increase's effects on the plan. PSPRS also provides temporary disability benefits of 50 percent of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with 5 years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$150 per month to \$260 per month depending on the age of the member and dependents.

Employees Covered by Benefit Terms - At June 30, 2018, the following employees were covered by the agent plans' benefit terms:

	PSPRS Police
Inactive employees or beneficiaries	
currently receiving benefits	41
Inactive employees entitled to	
by not yet receiving benefits	17
Active employees	67
Total	125

Contributions and Annual OPEB Cost - State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine employer contribution requirements for PSPRS 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. Contribution rates for the year ended June 30, 2018, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police
Active members - Pension	7.65% - 11.65%
City	
Pension	47.47%
Health insurance permium benefit	0.12%

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

In addition, the City was required by statute to contribute at the actuarially determined rate of 32.56 percent of the PSPRS of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the PSPRS.

For the agent plans, the City's contributions to the pension plan and annual OPEB cost and contributions for the health insurance premium benefit for the year ended June 30, 2018, were:

	PSPRS Police
Pension	
Contributions made	\$ 2,277,593
Health Insurance Permium Benefit	
Annual OPEB cost contributions made	5,758

During fiscal year 2018, the City paid 100 percent of the PSPRS pension and OPEB contributions from the General Fund.

Pension Liability - At June 30, 2018, the City reported a PSPRS net pension liabilities of \$26,209,658.

The net pension liability was measured as of June 30, 2017, 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 liability as of June 30, 2017, reflect changes in actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016, including decreasing the investment rate of return from 7.5 percent to 7.4 percent, decreasing the wage inflation from 4 percent to 3.5 percent, and updating mortality, withdrawal, disability, and retirement assumptions. The total pensions liabilities or PSPRS also reflect changes of benefit terms for legislation that changed benefit eligibility and multipliers for employees who became members on or after January 1, 2012, and before July 1, 2017, and a court decisions that decreased the contribution rates for employees who became members before July 20, 2011. The court decision will also affect the PSPRS net pension liabilities measured as of June 30, 2018, because of refunds of excess member contributions. The change in the County's PSPRS net pension liabilities as a result of the refunds is not known.

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

PSPRS

Actuarial valuation date	June 30, 2017
Actuarial cost method	Entry age normal
Investment rate of return	7.40%
Wage inflation	3.5% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Permanent benefit increase	Included for pensions/not applicable for OPEB
Mortality rates	RP-2014 tables using MP-2016 improvement scale with adjustments to match current experience.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2016.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.4 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expenses and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

PSPRS		Target	Long-Term
Asset Class	Allocation	Expected Geometric	Rate of Return
U.S. equity	16%	7.60%	
Non-U.S. equity	14%	8.70%	
Private credit	12%	6.75%	
Fixed income	5%	1.25%	
Credit opportunities	16%	5.83%	
Absolute return	2%	3.75%	
GTAA	10%	3.96%	
Real assets	9%	4.52%	
Real estate	10%	3.75%	
Risk Parity	4%	5.00%	
Short term investments	2%	0.25%	
Total	100.00%		

CITY OF BULLHEAD CITY, ARIZONA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rates – At June 30, 2017, the discount rate used to measure the PSPRS total pension liabilities was 7.4 percent, which was a decrease of 0.1 from the discount rate used as of June 30, 2016. The projection of cash flows used to determine the 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 the actuarially determined contribution rate and the member rate. Based on those assumptions, the plans' 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

PSPRS - Police	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2017	\$ 44,050,403	\$ 20,121,579	\$ 23,928,824
Changes for the year:			
Service Cost	1,075,681	-	1,075,681
Interest on the total pension liability	3,266,637	-	3,266,637
Changes of benefit terms	534,607	-	534,607
Differences between expected and actual experience in the measurement of the pension liability	(19,158)	-	(19,158)
Changes of assumptions or other inputs	1,641,764	-	1,641,764
Contributions - employer	-	1,422,995	(1,422,995)
Contributions - employee	-	537,250	(537,250)
Net investment income	-	2,375,192	(2,375,192)
Benefit payments, including refunds of employee contributions	(2,066,165)	(2,066,165)	-
Administrative expense	-	(21,416)	21,416
Other changes	-	(95,324)	95,324
Net changes	4,433,366	2,152,532	2,280,834
Balances at June 30, 2018	\$ 48,483,769	\$ 22,274,111	\$ 26,209,658

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the City's Net Pension Liability to Changes in the Discount Rate - The following table presents the City's net pension liabilities calculated using the discount rates noted above, as well as what the City'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:

PSPRS - Police	1% Decrease 6.40%	Current Discount Rate 7.40%	1% increase 8.40%
Total pension liability	\$ 55,021,281	\$ 48,483,769	\$ 43,141,735
Plan fiduciary net position	22,274,111	22,274,111	22,274,111
Net pension liability	<u>\$ 32,747,170</u>	<u>\$ 26,209,658</u>	<u>\$ 20,867,624</u>

Pension Plan Fiduciary Net Position - Detailed information about the pension plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Pension Expense - For the year ended June 30, 2018, the City recognized \$4,025,240 of PSPRS pension expense.

Pension Deferred Outflows/Inflows of Resources - At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions/OPEB from the following sources:

PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 661,522
Changes of assumptions or other inputs	3,149,781	19,136
Net difference between projected and actual earnings on pension plan investments	1,206,482	937,027
City contributions subsequent to the measurement date	<u>2,283,351</u>	<u>-</u>
Total	<u>\$ 6,639,614</u>	<u>\$ 1,617,685</u>

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The amounts reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	PSPRS
	Police
2019	\$ 1,069,592
2020	846,317
2021	644,736
2022	214,638
2023	48,146
Thereafter	-

Agent plan OPEB actuarial assumptions - The health insurance premium benefit contribution requirements for the year ended June 30, 2018, were established by the June 30, 2016, 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.

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Projections of benefits are based on (1) the plans as the City 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 City 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 2018 contribution requirements:

PSPRS - OPEB Contribution Requirements	
Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	20 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	4% - 8% for PSPRS
Wage growth	4% for PSPRS

Agent plan OPEB trend information - Annual OPEB cost information for the health insurance premium benefit for the current and 2 preceding years follows for each of the agent plans:

PSPRS - Police	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
Year Ended June 30			
2018	\$ 5,758	100%	\$ -
2017	5,703	100%	-
2016	10,125	100%	-

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Agent plan OPEB funded status - The health insurance premium benefit plans' funded status as of the most recent valuation date, June 30, 2017, along with the actuarial assumptions and methods used in those valuations follow:

	PSPRS Police
Actuarial value of assets (a)	\$ 1,068,667
Actuarial accrued liability (b)	874,867
Unfunded actuarial accrued liability (funded excess) (b) - (a)	(193,800)
Funded ratio (a)/(b)	122.2%
Annual covered payroll (c)	<u>\$ 4,768,091</u>
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	0.00%

The actuarial methods and assumptions used are the same for all the PSPRS health insurance premium benefit plans (unless noted), and for the most recent valuation date are as follows:

PSPRS - OPEB Funded Status	
Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 20% corridor
Actuarial assumptions:	
Investment rate of return	7.85%
Projected salary increases	4% - 8% for PSPRS
includes inflation at	4% for PSPRS

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2018

NOTE 10 RESTATEMENT

For the year ending June 30, 2018, the City of Bullhead City adopted GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, as amended by GASB Statement No. 85, *Omnibus 2017*. As a result, the effect on the fiscal year 2017 is as follows:

Net Position as previously reported at June 30, 2017	\$ 30,725,561
Prior period adjustment - implementation of GASB 75:	
Net OPEB liability (measurement date as of June 30, 2016)	99,377
Deferred outflows - contributions made during fiscal year 2017	<u>5,703</u>
Total prior period adjustment	<u>105,080</u>
Net position as restated, July 1, 2017	<u><u>\$ 30,830,641</u></u>

Required Supplementary Information

CITY OF BULLHEAD CITY, ARIZONA
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget-Positive (Negative)
Budgetary fund balance, July 1, 2017	\$ 2,073,078	\$ 2,073,078	\$ 11,454,747	\$ 9,381,669

RESOURCES (INFLOWS):

City tax revenue	14,145,419	14,145,419	14,317,938	172,519
Intergovernmental revenue	11,105,195	11,105,195	11,322,397	217,202
Charges for services	1,553,550	1,553,550	1,514,739	(38,811)
Licenses and permits	674,080	674,080	723,505	49,425
Fines and forfeitures	1,015,000	1,015,000	868,108	(146,892)
Rents	78,206	78,206	74,555	(3,651)
Investment income	15,000	15,000	84,608	69,608
Other revenue	179,400	179,400	198,879	19,479
Proceeds from sale of fixed assets	6,540	6,540	1,972	(4,568)
Total revenues	<u>28,772,390</u>	<u>28,772,390</u>	<u>29,106,701</u>	<u>334,311</u>
Other financing sources	-	-	-	-
Transfers in	62,343	62,343	62,340	(3)
Transfers out	<u>(3,217,483)</u>	<u>(3,374,233)</u>	<u>(4,059,192)</u>	<u>(684,959)</u>
Amounts available for appropriations	<u>27,690,328</u>	<u>27,533,578</u>	<u>36,564,596</u>	<u>9,031,018</u>

CHARGES TO APPROPRIATIONS (OUTFLOWS):

General government:

Mayor and council	106,032	106,032	100,757	5,275
City manager	220,215	220,215	251,915	(31,700)
Information technology	1,091,308	1,091,308	988,571	102,737
Human resources	173,260	173,260	162,010	11,250
Public information	211,702	211,702	146,017	65,685
Municipal court	1,447,461	1,447,461	1,233,427	214,034
Finance	816,932	816,932	844,578	(27,646)
City clerk	214,239	214,239	195,636	18,603
City attorney	1,112,986	1,112,986	1,057,348	55,638
Planning	201,073	201,073	179,193	21,880
Building inspections	484,725	484,725	461,581	23,144
Code enforcement	426,654	536,654	499,600	37,054
Facilities management	865,459	865,459	884,067	(18,608)
Public works administration	53,930	53,930	83,701	(29,771)
Engineering	151,630	151,630	141,905	9,725
Non-departmental	2,328,216	2,036,659	1,099,610	937,049
Total general government	<u>9,905,822</u>	<u>9,724,265</u>	<u>8,329,916</u>	<u>1,394,349</u>

Public safety:

Information technology	-	-	-	-
Police administration	1,610,815	1,610,815	1,704,180	(93,365)
Patrol	7,575,232	7,575,232	6,926,223	649,009
Criminal investigations	1,856,460	1,856,460	2,221,013	(364,553)
Support services	403,244	403,244	422,202	(18,958)
Emergency services	1,453,970	1,453,970	1,389,157	64,813
Total public safety	<u>12,899,721</u>	<u>12,899,721</u>	<u>12,662,775</u>	<u>236,946</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Culture and recreation:				
Recreation	498,337	508,972	542,302	(33,330)
Arts and culture	7,142	7,142	9,250	(2,108)
Water activities	202,675	202,675	150,083	52,592
Athletics	202,853	202,853	148,572	54,281
Suddenlink community center	50,524	50,523	69,296	(18,773)
Parks rangers	75,529	75,529	75,482	47
Parks maintenance	2,027,580	2,027,580	1,951,352	76,228
Total culture and recreation	<u>3,064,640</u>	<u>3,075,274</u>	<u>2,946,337</u>	<u>128,937</u>
Economic development:				
Economic development	120,274	120,274	100,872	19,402
Total economic development	<u>120,274</u>	<u>120,274</u>	<u>100,872</u>	<u>19,402</u>
Health and welfare				
Animal control	693,613	693,613	571,022	122,591
Total Health and welfare	<u>693,613</u>	<u>693,613</u>	<u>571,022</u>	<u>122,591</u>
Debt service:				
Principal retirement	105,022	105,022	104,140	882
Interest and fiscal charges	2,149	2,149	2,163	(14)
Total debt service	<u>107,171</u>	<u>107,171</u>	<u>106,303</u>	<u>868</u>
Capital outlay	<u>899,087</u>	<u>899,087</u>	<u>336,213</u>	<u>562,874</u>
Total expenditures	<u>27,690,328</u>	<u>27,519,405</u>	<u>25,053,438</u>	<u>2,465,967</u>
Budgetary fund balance, June 30, 2018	<u>\$ -</u>	<u>\$ 14,173</u>	<u>\$ 11,511,158</u>	<u>\$ 11,496,985</u>



CITY OF BULLHEAD CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
June 30, 2018

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

The City prepares its annual budget on a basis which differs from the GAAP basis. A budgetary comparison schedule for the General Fund and the HURF Fund is included as required supplementary information to provide meaningful comparison of actual results to budget on a budget basis. As a result, the budgetary schedule includes a reconciliation of the adjustments to convert the budgetary revenues and expenditures to revenues and expenditures/expenses on a GAAP basis, where the amounts are different. During the year ended June 30, 2018, there was no variance between actual expenditures/expenses (budgetary) and expenditures/expenses on a GAAP basis.



CITY OF BULLHEAD CITY, ARIZONA

HURF FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,780,230	\$ 3,780,230	\$ 3,787,545	\$ 7,315
Investment earnings	500	500	3,688	3,188
Other revenues	1,000	1,000	2,626	1,626
Total revenues	<u>3,781,730</u>	<u>3,781,730</u>	<u>3,793,859</u>	<u>12,129</u>
EXPENDITURES				
Current:				
Highways and streets	3,660,924	3,608,996	2,898,424	710,572
Capital outlay	73,110	125,038	123,881	1,157
Total expenditures	<u>3,734,034</u>	<u>3,734,034</u>	<u>3,022,305</u>	<u>711,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>47,696</u>	<u>47,696</u>	<u>771,554</u>	<u>723,858</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,002,805	1,002,805	1,002,806	1
Transfers out	(1,318,421)	(1,318,421)	(1,318,416)	5
Total other financing sources (uses)	<u>(315,616)</u>	<u>(315,616)</u>	<u>(315,610)</u>	<u>6</u>
Net change in fund balances	(267,920)	(267,920)	455,944	723,864
Fund balances - beginning of year	<u>267,920</u>	<u>267,920</u>	<u>297,286</u>	<u>29,366</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 753,230</u>	<u>\$ 753,230</u>

CITY OF BULLHEAD CITY, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS
 AGENT PENSION PLAN
 June 30, 2018

	Reporting Fiscal Year (Measurement Date)				2014 through 2009
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability					
Service cost	\$ 1,075,681	\$ 894,106	\$ 879,004	\$ 890,055	Information not available
Interest on the total pension liability	3,266,637	2,977,024	2,909,607	2,556,293	
Changes on benefit terms	534,607	2,485,509	-	608,014	
Differences between expected and actual experience in the measurement of the pension liability	(19,158)	(323,350)	(654,635)	(554,914)	
Changes of assumptions or other inputs	1,641,764	1,626,214	-	3,458,975	
Benefit payments, including refunds of employee contributions	(2,066,165)	(2,171,832)	(2,393,591)	(2,510,581)	
Net change in total pension liability	4,433,366	5,487,671	740,385	4,447,842	
Total pension liability - beginning	44,050,403	38,562,732	37,822,347	33,374,505	
Total pension liability - ending (a)	<u>\$ 48,483,769</u>	<u>\$ 44,050,403</u>	<u>\$ 38,562,732</u>	<u>\$ 37,822,347</u>	
Plan fiduciary net position					
Contributions - employer	\$ 1,422,995	\$ 1,391,558	\$ 1,240,272	\$ 1,103,933	
Contributions - employee	537,250	550,490	527,323	474,532	
Net investment income	2,375,192	118,139	734,235	2,495,831	
Benefit payments, including refunds of employee contributions	(2,066,165)	(2,171,832)	(2,393,591)	(2,510,581)	
Administrative expense	(21,416)	(17,400)	(18,296)	(20,101)	
Other changes	(95,324)	1,966	(16,165)	40,640	
Net change in plan fiduciary net position	2,152,532	(127,079)	73,778	1,584,254	
Plan fiduciary net position - beginning	20,121,579	20,248,658	20,174,880	18,590,626	
Plan fiduciary net position - ending (b)	<u>\$ 22,274,111</u>	<u>\$ 20,121,579</u>	<u>\$ 20,248,658</u>	<u>\$ 20,174,880</u>	
City's net pension liability - ending (a) - (b)	<u>\$ 26,209,658</u>	<u>\$ 23,928,824</u>	<u>\$ 18,314,074</u>	<u>\$ 17,647,467</u>	

Bullhead City Police Dept.
Public Safety Personnel Retirement System

	Reporting Fiscal Year (Measurement Date)				2014 through 2009
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)	
Plan fiduciary net position as a percentage of the total pension liability	45.94%	45.68%	52.51%	53.34%	Information not available
Covered payroll	\$ 4,386,062	\$ 3,894,107	\$ 4,718,724	\$ 4,421,356	
City's net pension liability as a percentage of covered payroll	597.57%	614.49%	388.11%	399.14%	

CITY OF BULLHEAD CITY, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CITY PENSION CONTRIBUTIONS
 June 30, 2018

Bullhead City Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year				Reporting Fiscal Year	
	2018	2017	2016	2015	2014	2013 through 2009
Actuarially determined contribution	\$ 1,422,995	\$ 1,586,000	\$ 1,408,109	\$ 1,246,215	\$ 1,151,321	Information not available
City's contributions in relation to the actuarially determined contribution	1,422,995	1,586,000	1,408,109	1,246,215	1,151,321	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	
City's covered payroll	\$ 3,935,274	\$ 4,386,062	\$ 3,894,107	\$ 4,718,724	\$ 4,421,356	
City's contributions as a percentage of covered payroll	36.16%	36.16%	36.16%	26.41%	26.04%	

CITY OF BULLHEAD CITY, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO THE PENSION PLAN SCHEDULE
 June 30, 2018

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial 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	Entry age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period as of the 2016 actuarial valuation	19 years for underfunded 20 years for overfunded
Asset valuation method	7-year smoothed market value; 80%/120% market corridor
Actuarial assumptions:	
Investment rate of return	PSPRS members with initial membership date before July 1, 2017: In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2013 actuarial valuation, the investment rate of return was decreased from 8% to 7.85%.
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5%-8.5% to 4.0%-8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0%-9.0% to 4.5%-8.5% for PSPRS.
Wage growth	In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased from 5.0% to 4.5% for PSPRS.
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 (adjusted by 105% for both males and females)

CITY OF BULLHEAD CITY, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE PENSION PLAN SCHEDULE
June 30, 2018

NOTE 2 FACTORS THAT AFFECT TRENDS

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS-required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes will increase the PSPRS- required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the County refunded excess employee contributions to PSPRS members. PSPRS allowed the County to reduce its actual employer contributions for the refund amounts. As a result, the County's pension contributions were less than the actuarially or statutorily determined.

CITY OF BULLHEAD CITY, ARIZONA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS
 June 30, 2018

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) - (a)/(c)
PSPRS Police						
6/30/2017	\$ 1,107,436	\$ 874,867	\$ (232,569)	126.6%	\$ 4,768,091	0.00%
6/30/2016	1,067,131	884,649	(182,482)	120.6%	4,623,094	0.00%
6/30/2015	1,021,976	841,758	(180,218)	121.4%	4,758,468	0.00%
6/30/2014	939,141	898,176	(40,965)	104.6%	4,626,038	0.00%

The health insurance subsidy payment reported for FY 2017 was \$34,400



Other Supplementary Information

COMBINING NON-MAJOR FUND FINANCIAL STATEMENTS



CITY OF BULLHEAD CITY, ARIZONA
 COMBINING BALANCE SHEET
 ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 June 30, 2018

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,182,214	\$ 2,447,993	\$ 67,188	\$ 3,697,395
Restricted cash	109,306	23,848	1,809,445	1,942,599
Receivables, net of allowances for uncollectibles:				
Accounts	220,833	880,275	-	1,101,108
Taxes	1,672	66,835	-	68,507
Intergovernmental	183,184	-	-	183,184
Due from other funds	-	-	-	-
Inventory and Prepays	13,006	-	-	13,006
Special assessments receivable	-	-	1,144	1,144
Total assets	\$ 1,710,215	\$ 3,418,951	\$ 1,877,777	\$ 7,006,943
LIABILITIES				
Accounts payable	\$ 88,567	\$ 747,159	\$ -	\$ 835,726
Accrued payroll and related liabilities	31,537	-	-	31,537
Due to other funds	550,077	63,477	1,150,162	1,763,716
Other liabilities	543	271,911	-	272,454
Interest payable	-	-	151,822	151,822
Matured bonds payable	-	-	1,657,000	1,657,000
Total liabilities	670,724	1,082,547	2,958,984	4,712,255
Deferred inflows of resources				
Unavailable revenue - other	23,965	66,835	-	90,800
Unavailable revenue - special assessments	33,599	630	-	34,229
Total deferred inflows of resources	57,564	67,465	-	125,029
FUND BALANCES				
Nonspendable				
Inventory and Prepays	13,006	-	-	13,006
Restricted				
Highways and streets	163,745	11,264	-	175,009
Community development	1,091,450	-	-	1,091,450
Public safety	179,177	-	-	179,177
Capital projects	-	2,257,675	-	2,257,675
Debt service	-	-	67,934	67,934
Other purposes	74,651	-	-	74,651
Unassigned	(540,102)	-	(1,149,141)	(1,689,243)
Total fund balances	981,927	2,268,939	(1,081,207)	2,169,659
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,710,215	\$ 3,418,951	\$ 1,877,777	\$ 7,006,943



CITY OF BULLHEAD CITY, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 Year Ended June 30, 2018

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 1,342,762	\$ 862,140	\$ -	\$ 2,204,902
Charges for services	787,142	-	-	787,142
Special assessments	37,104	88,084	-	125,188
Fines and forfeitures	100,328	-	-	100,328
Investment earnings	8,308	28,492	7,475	44,275
Other revenues	131,805	23,890	1,227	156,922
Total revenues	<u>2,407,449</u>	<u>1,002,606</u>	<u>8,702</u>	<u>3,418,757</u>
EXPENDITURES				
Current:				
General government	2,030,744	-	-	2,030,744
Public safety	272,460	-	-	272,460
Culture and recreation	204,456	15,080	-	219,536
Redevelopment and housing	171,688	-	-	171,688
Highways and streets	-	712,493	-	712,493
Health and welfare	298,903	-	-	298,903
Debt service:				
Principal	-	-	1,657,000	1,657,000
Interest and fiscal charges	-	-	245,658	245,658
Bond issuance costs	-	266,500	-	266,500
Capital outlay	-	3,863,821	-	3,863,821
Total expenditures	<u>2,978,251</u>	<u>4,857,894</u>	<u>1,902,658</u>	<u>9,738,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(570,802)</u>	<u>(3,855,288)</u>	<u>(1,893,956)</u>	<u>(6,320,046)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	1,300	-	-	1,300
Proceeds from issuance of bonds	-	3,108,163	121,837	3,230,000
Transfers in	341,820	1,751,203	1,837,908	3,930,931
Transfers out	(24,072)	(300,000)	-	(324,072)
Total other financing (uses) sources	<u>319,048</u>	<u>4,559,366</u>	<u>1,959,745</u>	<u>6,838,159</u>
Net change in fund balances	<u>(251,754)</u>	<u>704,078</u>	<u>65,789</u>	<u>518,113</u>
Fund balances - beginning of year	<u>1,233,681</u>	<u>1,564,861</u>	<u>(1,146,996)</u>	<u>1,651,546</u>
Fund balances - end of year	<u>\$ 981,927</u>	<u>\$ 2,268,939</u>	<u>\$ (1,081,207)</u>	<u>\$ 2,169,659</u>

Other Supplementary Information

SPECIAL REVENUE FUNDS

- **RICO** - This fund is used to account for the City's share of the U.S. Customs Department Asset Sharing Program. The funds may only be used for law enforcement purposes.
- **Housing** - This fund is used to account for the repayment of Housing Rehab loans.
- **Art Commission** - This fund is used to account for all revenues and expenditures for the promotion of the arts.
- **Special Assessments Administration** - This fund is used to account for the administration of the City's improvement districts.
- **Judicial Collection Enhancement Fund (JCEF)** - This fund is used to account for monies
- **Water Impost** - This fund is used to account for all revenues and expenditures paid for by the City's water impost fees.
- **Transit** - This fund is used to account for administration and operations of the City's transit system.
- **Real Estate Owned (REO)** - This fund is used to account for the administration of City owned real property.
- **Court Enhancement** - This fund is used to account for funds collected from surcharges by the City's Municipal Court.
- **Fill the Gap** - This fund is used to account for the funds received from the State of Arizona that are for reducing delays and backlogs in criminal cases.
- **CDBG/HOME/HTF** - This fund is used to account for activities related to the City's Community Development Block Grant and other related grants.
- **Special Events** - This fund is used to account for the activities related to the City's special events.

- **Veterans Memorial Park** - This fund is used to account for the funds received through donations that assist with operating, capital, and other related expenses at the City's Veteran's Memorial Park.
- **Fines/Fees and Restitution Program (FARE) Fund** - This fund is used to account for amounts received from the State of Arizona collected on overdue fines, fees, and restitutions.
- **Pest Abatement** - This fund is used to account for all revenues and expenditures of intergovernmental revenues for pest abatement.
- **Victim Services Grants** - This fund is used to account for all revenues and expenditures of the victim rights grant.
- **Police Grants** - This fund is used to account for all revenues and expenditures of intergovernmental grants for the police department.
- **General Grants** - This fund is used to account for the revenues and expenditures related to the serving of meals to the City's senior population.
- **Senior Nutrition Center** - This fund is used to account for the revenues and expenditures related to the serving of meals to the city's senior population.

CITY OF BULLHEAD CITY, ARIZONA
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 June 30, 2018

	RICO	Housing	Arts Commission	Special Assessments Administration
ASSETS				
Cash and cash equivalents	\$ -	\$ 75	\$ 11,796	\$ 61,132
Restricted cash	107,681	-	-	-
Receivables, net of allowances for uncollectibles:				
Accounts	-	-	-	-
Taxes	-	-	-	1,672
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Inventory and Prepays	-	-	-	-
Total assets	\$ 107,681	\$ 75	\$ 11,796	\$ 62,804
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	-	-	-	-
Due to other funds	22,376	-	-	-
Other liabilities	-	-	288	-
Total liabilities	22,376	-	288	-
Deferred inflows of resources				
Unavailable revenue - other	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable				
Inventory and Prepays	-	-	-	-
Restricted				
Highways and streets	-	-	-	-
Community development	-	75	11,508	62,804
Public safety	85,305	-	-	-
Other purposes	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	85,305	75	11,508	62,804
Total liabilities, deferred inflows of resources, and fund balances	\$ 107,681	\$ 75	\$ 11,796	\$ 62,804

JCEF	Water Impost	Transit	REO	Court Enhancement	Fill the Gap
\$ 58,762	\$ 898,896	\$ 30,092	\$ -	\$ 36,887	\$ 19,589
-	-	-	-	1,625	-
-	141,894	7,878	-	-	-
-	-	-	-	-	-
-	-	153,562	-	-	-
-	-	-	-	-	-
-	2,275	10,731	-	-	-
<u>\$ 58,762</u>	<u>\$ 1,043,065</u>	<u>\$ 202,263</u>	<u>\$ -</u>	<u>\$ 38,512</u>	<u>\$ 19,589</u>
\$ 396	\$ 9,931	\$ 6,140	\$ -	\$ 3,199	\$ -
-	2,680	19,748	-	-	-
-	-	-	419,522	-	-
-	-	5	40	-	-
<u>396</u>	<u>12,611</u>	<u>25,893</u>	<u>419,562</u>	<u>3,199</u>	<u>-</u>
-	11,116	1,894	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>11,116</u>	<u>1,894</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	2,275	10,731	-	-	-
-	-	163,745	-	-	-
-	1,017,063	-	-	-	-
58,366	-	-	-	35,313	-
-	-	-	-	-	19,589
-	-	-	(419,562)	-	-
<u>58,366</u>	<u>1,019,338</u>	<u>174,476</u>	<u>(419,562)</u>	<u>35,313</u>	<u>19,589</u>
<u>\$ 58,762</u>	<u>\$ 1,043,065</u>	<u>\$ 202,263</u>	<u>\$ -</u>	<u>\$ 38,512</u>	<u>\$ 19,589</u>

(Continued)

CITY OF BULLHEAD CITY, ARIZONA
 COMBINING BALANCE SHEET
 SPECIAL REVENUE FUNDS
 June 30, 2018

	CDBG/HTF	Special Events	Veterans Memorial Park	FARE
ASSETS				
Cash and cash equivalents	\$ -	\$ 40,688	\$ 13	\$ 2,862
Restricted cash	-	-	-	-
Receivables, net of allowances for uncollectibles:				
Accounts	-	35,120	-	-
Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Due from other funds	-	-	-	-
Inventory and Prepays	-	-	-	-
Total assets	\$ -	\$ 75,808	\$ 13	\$ 2,862
LIABILITIES				
Accounts payable	\$ 1,099	\$ 1,583	\$ -	\$ -
Accrued payroll and related liabilities	1,399	228	-	-
Due to other funds	27,138	-	-	-
Other liabilities	195	15	-	-
Total liabilities	29,831	1,826	-	-
Deferred inflows of resources				
Unavailable revenue - other	-	-	-	-
Unavailable revenue - special assessments	-	33,599	-	-
Total deferred inflows of resources	-	33,599	-	-
FUND BALANCES				
Nonspendable				
Inventory and Prepays	-	-	-	-
Restricted				
Highways and streets	-	-	-	-
Community development	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	40,383	13	2,862
Unassigned	(29,831)	-	-	-
Total fund balances	(29,831)	40,383	13	2,862
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 75,808	\$ 13	\$ 2,862

Pest Abatement	Victim Services Grants	Police Grants	General Grants	Senior Nutrition Center	Total
\$ 17,890	\$ -	\$ -	\$ 3,532	\$ -	\$ 1,182,214
-	-	-	-	-	109,306
-	-	-	-	35,941	220,833
-	-	-	-	-	1,672
-	18,360	11,262	-	-	183,184
-	-	-	-	-	-
-	-	-	-	-	13,006
<u>\$ 17,890</u>	<u>\$ 18,360</u>	<u>\$ 11,262</u>	<u>\$ 3,532</u>	<u>\$ 35,941</u>	<u>\$ 1,710,215</u>
\$ 6,606	\$ -	\$ 31,729	\$ -	\$ 27,884	\$ 88,567
3,012	2,545	-	-	1,925	31,537
-	15,622	13,212	-	52,207	550,077
-	-	-	-	-	543
<u>9,618</u>	<u>18,167</u>	<u>44,941</u>	<u>-</u>	<u>82,016</u>	<u>670,724</u>
-	-	-	-	10,955	23,965
-	-	-	-	-	33,599
-	-	-	-	10,955	57,564
-	-	-	-	-	13,006
-	-	-	-	-	163,745
-	-	-	-	-	1,091,450
-	193	-	-	-	179,177
8,272	-	-	3,532	-	74,651
-	-	(33,679)	-	(57,030)	(540,102)
<u>8,272</u>	<u>193</u>	<u>(33,679)</u>	<u>3,532</u>	<u>(57,030)</u>	<u>981,927</u>
<u>\$ 17,890</u>	<u>\$ 18,360</u>	<u>\$ 11,262</u>	<u>\$ 3,532</u>	<u>\$ 35,941</u>	<u>\$ 1,710,215</u>

(Concluded)

CITY OF BULLHEAD CITY, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 Year Ended June 30, 2018

	RICO	Housing	Arts Commission	Special Assessments Administration
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Special assessments	-	-	-	37,104
Licenses and permits	-	-	-	-
Fines and forfeitures	51,554	-	-	-
Rents	-	-	-	-
Investment earnings	330	-	102	616
Other revenues	-	-	-	2
Total revenues	<u>51,884</u>	<u>-</u>	<u>102</u>	<u>37,722</u>
EXPENDITURES				
Current:				
General government	-	-	-	18,509
Public safety	101,572	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Redevelopment and housing	-	-	-	-
Health and welfare	-	-	-	-
Total expenditures	<u>101,572</u>	<u>-</u>	<u>-</u>	<u>18,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,688)</u>	<u>-</u>	<u>102</u>	<u>19,213</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	(24,072)
Total other financing (uses) sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>(24,072)</u>
Net change in fund balances	<u>(49,688)</u>	<u>-</u>	<u>102</u>	<u>(4,859)</u>
Fund balances - beginning of year	<u>134,993</u>	<u>75</u>	<u>11,406</u>	<u>67,663</u>
Fund balances - end of year	<u>\$ 85,305</u>	<u>\$ 75</u>	<u>\$ 11,508</u>	<u>\$ 62,804</u>

JCEF	Water Impost	Transit	REO	Court Enhancement	Fill the Gap
\$ -	\$ -	\$ 772,750	\$ -	\$ -	\$ -
-	548,132	160,429	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10,920	-	-	-	32,594	3,457
-	-	-	-	-	-
471	5,028	104	-	327	149
-	4,564	33,118	947	-	-
<u>11,391</u>	<u>557,724</u>	<u>966,401</u>	<u>947</u>	<u>32,921</u>	<u>3,606</u>
2,974	619,108	1,154,327	40,714	33,204	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,974</u>	<u>619,108</u>	<u>1,154,327</u>	<u>40,714</u>	<u>33,204</u>	<u>-</u>
<u>8,417</u>	<u>(61,384)</u>	<u>(187,926)</u>	<u>(39,767)</u>	<u>(283)</u>	<u>3,606</u>
-	-	1,300	-	-	-
-	-	241,356	-	-	-
-	-	-	-	-	-
-	-	242,656	-	-	-
<u>8,417</u>	<u>(61,384)</u>	<u>54,730</u>	<u>(39,767)</u>	<u>(283)</u>	<u>3,606</u>
<u>49,949</u>	<u>1,080,722</u>	<u>119,746</u>	<u>(379,795)</u>	<u>35,596</u>	<u>15,983</u>
<u>\$ 58,366</u>	<u>\$ 1,019,338</u>	<u>\$ 174,476</u>	<u>\$ (419,562)</u>	<u>\$ 35,313</u>	<u>\$ 19,589</u>

(Continued)

CITY OF BULLHEAD CITY, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 SPECIAL REVENUE FUNDS
 Year Ended June 30, 2018

REVENUES	CDBG/HTF	Special Events	Veterans Memorial Park	FARE
Intergovernmental	\$ 151,226	\$ -	\$ -	\$ -
Charges for services	-	78,581	-	-
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Fines and forfeitures	-	-	-	1,803
Rents	-	-	-	-
Investment earnings	-	640	10	53
Other revenues	-	49,231	-	-
Total revenues	<u>151,226</u>	<u>128,452</u>	<u>10</u>	<u>1,856</u>
EXPENDITURES				
Current:				
General government	-	-	-	9,965
Public safety	-	-	-	-
Culture and recreation	-	198,284	6,172	-
Economic development	-	-	-	-
Redevelopment and housing	171,688	-	-	-
Health and welfare	-	-	-	-
Total expenditures	<u>171,688</u>	<u>198,284</u>	<u>6,172</u>	<u>9,965</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(20,462)</u>	<u>(69,832)</u>	<u>(6,162)</u>	<u>(8,109)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing (uses) sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(20,462)</u>	<u>(69,832)</u>	<u>(6,162)</u>	<u>(8,109)</u>
Fund balances - beginning of year	<u>(9,369)</u>	<u>110,215</u>	<u>6,175</u>	<u>10,971</u>
Fund balances - end of year	<u>\$ (29,831)</u>	<u>\$ 40,383</u>	<u>\$ 13</u>	<u>\$ 2,862</u>

Pest Abatement	Victim Services Grants	Police Grants	General Grants	Senior Nutrition Center	Total
\$ 145,000	\$ 104,396	\$ 35,102	\$ -	\$ 134,288	\$ 1,342,762
-	-	-	-	-	787,142
-	-	-	-	-	37,104
-	-	-	-	-	-
-	-	-	-	-	100,328
-	-	-	-	-	-
448	-	-	30	-	8,308
-	-	-	-	43,943	131,805
<u>145,448</u>	<u>104,396</u>	<u>35,102</u>	<u>30</u>	<u>178,231</u>	<u>2,407,449</u>
151,943	-	-	-	-	2,030,744
-	102,552	68,336	-	-	272,460
-	-	-	-	-	204,456
-	-	-	-	-	-
-	-	-	-	-	171,688
-	-	-	-	298,903	298,903
<u>151,943</u>	<u>102,552</u>	<u>68,336</u>	<u>-</u>	<u>298,903</u>	<u>2,978,251</u>
(6,495)	1,844	(33,234)	30	(120,672)	(570,802)
-	-	-	-	-	1,300
-	-	-	-	100,464	341,820
-	-	-	-	-	(24,072)
-	-	-	-	100,464	319,048
(6,495)	1,844	(33,234)	30	(20,208)	(251,754)
<u>14,767</u>	<u>(1,651)</u>	<u>(445)</u>	<u>3,502</u>	<u>(36,822)</u>	<u>1,233,681</u>
<u>\$ 8,272</u>	<u>\$ 193</u>	<u>\$ (33,679)</u>	<u>\$ 3,532</u>	<u>\$ (57,030)</u>	<u>\$ 981,927</u>

(Concluded)



Other Supplementary Information

CAPITAL PROJECT FUNDS

- **Street Lighting Improvement Districts** - This fund is used to account for maintenance and operation of the City's Street Lighting Districts.
- **Capital Projects** - This fund is used to account for maintenance and operations of the City's parks and other municipal facilities.
- **The Flood Control Capital Project Fund** - This fund is used to account for capital flood improvements projects.

CITY OF BULLHEAD CITY, ARIZONA
 COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 June 30, 2018

	Street Lighting Improvement Districts	Capital Projects Funds	Flood Control Fund	Total
ASSETS				
Cash and cash equivalents	\$ 1,089	\$ 2,305,372	\$ 141,532	\$ 2,447,993
Restricted cash	-	23,848	-	23,848
Receivables, net of allowances for uncollectibles:				
Accounts	18,135	-	862,140	880,275
Taxes	-	66,835	-	66,835
Total assets	\$ 19,224	\$ 2,396,055	\$ 1,003,672	\$ 3,418,951
LIABILITIES				
Accounts payable	\$ 7,330	\$ 738,581	\$ 1,248	\$ 747,159
Due to other funds	-	63,477	-	63,477
Other liabilities	-	271,911	-	271,911
Total liabilities	7,330	1,073,969	1,248	1,082,547
Deferred inflows of resources				
Unavailable revenue - other	-	66,835	-	66,835
Unavailable revenue - special assessments	630	-	-	630
Total deferred inflows of resources	630	66,835	-	67,465
FUND BALANCES				
Restricted				
Highways and streets	11,264	-	-	11,264
Capital projects	-	1,255,251	1,002,424	2,257,675
Total fund balances	11,264	1,255,251	1,002,424	2,268,939
Total liabilities, deferred inflows of resources, and fund balances	\$ 19,224	\$ 2,396,055	\$ 1,003,672	\$ 3,418,951

CITY OF BULLHEAD CITY, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 Year Ended June 30, 2018

	Street Lighting Improvement Districts	Capital Projects Funds	Flood Control Fund	Total
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 862,140	\$ 862,140
Special assessments	88,084	-	-	88,084
Investment earnings	90	23,769	4,633	28,492
Other revenues	-	23,890	-	23,890
Total revenues	<u>88,174</u>	<u>47,659</u>	<u>866,773</u>	<u>1,002,606</u>
EXPENDITURES				
Current:				
Culture and recreation	-	15,080	-	15,080
Highways and streets	81,191	-	631,302	712,493
Debt service:				
Bond issuance costs	-	266,500	-	266,500
Capital outlay	-	3,741,958	121,863	3,863,821
Total expenditures	<u>81,191</u>	<u>4,023,538</u>	<u>753,165</u>	<u>4,857,894</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,983</u>	<u>(3,975,879)</u>	<u>113,608</u>	<u>(3,855,288)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	3,108,163	-	3,108,163
Transfers in	-	1,751,203	-	1,751,203
Transfers out	-	-	(300,000)	(300,000)
Total other financing (uses) sources	<u>-</u>	<u>4,859,366</u>	<u>(300,000)</u>	<u>4,559,366</u>
Net change in fund balances	<u>6,983</u>	<u>883,487</u>	<u>(186,392)</u>	<u>704,078</u>
Fund balances - beginning of year	<u>4,281</u>	<u>371,764</u>	<u>1,188,816</u>	<u>1,564,861</u>
Fund balances - end of year	<u>\$ 11,264</u>	<u>\$ 1,255,251</u>	<u>\$ 1,002,424</u>	<u>\$ 2,268,939</u>



Other Supplementary Information

DEBT SERVICE FUNDS

- **Debt Service Fund** - This fund accounts for the accumulation of resources for, and the payment of current and future debt service requirements for governmental debt principal and interest.
- **Bullhead City Parkway Improvement District** - This fund is used to account for all debt activity on special assessment bonds for the Bullhead Parkway Improvement District.
- **East Branch Sewer Improvement District** - This fund is used to account for all debt activity on special assessment bonds for the East Branch Sewer Improvement District.
- **Excise Revenue Bond Refunding** - This fund is used to account for all governmental fund debt activity for Excise Tax Revenue Bonds



CITY OF BULLHEAD CITY, ARIZONA
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 June 30, 2018

	Debt Service	Bullhead Parkway Improvement District	East Branch Sewer Improvement District	Excise Revenue Bond Refunding	Total
ASSETS					
Cash and cash equivalents	\$ 60,967	\$ -	\$ -	\$ 6,221	\$ 67,188
Restricted cash	61,362	-	-	1,748,083	1,809,445
Special assessments receivable	-	565	579	-	1,144
Total assets	\$ 122,329	\$ 565	\$ 579	\$ 1,754,304	\$ 1,877,777
LIABILITIES					
Due to other funds	\$ -	\$ 1,149,706	\$ 456	\$ -	\$ 1,150,162
Interest payable	61,362	-	-	90,460	151,822
Matured bonds payable	-	-	-	1,657,000	1,657,000
Total liabilities	61,362	1,149,706	456	1,747,460	2,958,984
FUND BALANCES					
Restricted					
Debt service	60,967	-	123	6,844	67,934
Unassigned	-	(1,149,141)	-	-	(1,149,141)
Total fund balances	60,967	(1,149,141)	123	6,844	(1,081,207)
Total liabilities and fund balances	\$ 122,329	\$ 565	\$ 579	\$ 1,754,304	\$ 1,877,777

CITY OF BULLHEAD CITY, ARIZONA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 Year Ended June 30, 2018

	Debt Service	Bullhead Parkway Improvement District	East Branch Sewer Improvement District	Excise Revenue Bond Refunding	Total
REVENUES					
Investment earnings	\$ 492	\$ -	\$ -	\$ 6,983	\$ 7,475
Other revenues	-	-	-	1,227	1,227
Total revenues	<u>492</u>	<u>-</u>	<u>-</u>	<u>8,210</u>	<u>8,702</u>
EXPENDITURES					
Current:					
Debt service:					
Principal	-	-	-	1,657,000	1,657,000
Interest and fiscal charges	62,588	-	-	183,070	245,658
Total expenditures	<u>62,588</u>	<u>-</u>	<u>-</u>	<u>1,840,070</u>	<u>1,902,658</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,096)</u>	<u>-</u>	<u>-</u>	<u>(1,831,860)</u>	<u>(1,893,956)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of bonds	121,837	-	-	-	121,837
Transfers in	-	-	-	1,837,908	1,837,908
Total other financing (uses) sources	<u>121,837</u>	<u>-</u>	<u>-</u>	<u>1,837,908</u>	<u>1,959,745</u>
Net change in fund balances	59,741	-	-	6,048	65,789
Fund balances - beginning of year	<u>1,226</u>	<u>(1,149,141)</u>	<u>123</u>	<u>796</u>	<u>(1,146,996)</u>
Fund balances - end of year	<u>\$ 60,967</u>	<u>\$ (1,149,141)</u>	<u>\$ 123</u>	<u>\$ 6,844</u>	<u>\$ (1,081,207)</u>

Other Supplementary Information

BUDGETARY SCHEDULES
MAJOR FUNDS



CITY OF BULLHEAD CITY, ARIZONA
 SID DEBT SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 2,425,700	\$ 2,425,700	\$ 2,608,620	\$ 182,920
Investment earnings	7,000	7,000	19,276	12,276
Total revenues	<u>2,432,700</u>	<u>2,432,700</u>	<u>2,627,896</u>	<u>195,196</u>
EXPENDITURES				
Current:				
General government	79,730	79,730	79,730	-
Debt service:				
Principal	2,181,932	2,181,932	2,181,932	-
Interest and fiscal charges	361,710	361,710	361,710	-
Total expenditures	<u>2,623,372</u>	<u>2,623,372</u>	<u>2,623,372</u>	<u>-</u>
Net change in fund balances	(190,672)	(190,672)	4,524	195,196
Fund balances - beginning of year	<u>1,995,409</u>	<u>1,995,409</u>	<u>2,337,954</u>	<u>342,545</u>
Fund balances - end of year	<u>\$ 1,804,737</u>	<u>\$ 1,804,737</u>	<u>\$ 2,342,478</u>	<u>\$ 537,741</u>

CITY OF BULLHEAD CITY, ARIZONA

RICO FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 51,554	\$ 51,554
Investment earnings	100	100	330	230
Total revenues	<u>100</u>	<u>100</u>	<u>51,884</u>	<u>51,784</u>
EXPENDITURES				
Current:				
Public safety	119,270	119,270	101,572	17,698
Total expenditures	<u>119,270</u>	<u>119,270</u>	<u>101,572</u>	<u>17,698</u>
Net change in fund balances	(119,170)	(119,170)	(49,688)	69,482
Fund balances - beginning of year	<u>119,170</u>	<u>119,170</u>	<u>134,993</u>	<u>15,823</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,305</u>	<u>\$ 85,305</u>

CITY OF BULLHEAD CITY, ARIZONA
HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	-	-	-	-
EXPENDITURES				
Total expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	\$ -	\$ -	\$ 75	\$ 75
Fund balances - end of year	\$ -	\$ -	\$ 75	\$ 75

CITY OF BULLHEAD CITY, ARIZONA
 ARTS COMMISSION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 25	\$ 25	\$ 102	\$ 77
EXPENDITURES				
Current:				
Culture and recreation	11,336	11,336	-	11,336
Total expenditures	11,336	11,336	-	11,336
Net change in fund balances	(11,311)	(11,311)	102	11,413
Fund balances - beginning of year	11,311	11,311	11,406	95
Fund balances - end of year	\$ -	\$ -	\$ 11,508	\$ 11,508

CITY OF BULLHEAD CITY, ARIZONA
SPECIAL ASSESSMENTS ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 52,000	\$ 52,000	\$ 37,104	\$ (14,896)
Investment earnings	40	40	616	576
Other revenues	-	-	2	2
Total revenues	<u>52,040</u>	<u>52,040</u>	<u>37,722</u>	<u>(14,318)</u>
EXPENDITURES				
Current:				
General government	87,998	87,998	18,509	69,489
Total expenditures	<u>87,998</u>	<u>87,998</u>	<u>18,509</u>	<u>69,489</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(35,958)</u>	<u>(35,958)</u>	<u>19,213</u>	<u>55,171</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(24,073)</u>	<u>(24,073)</u>	<u>(24,072)</u>	<u>1</u>
Net change in fund balances	(60,031)	(60,031)	(4,859)	55,172
Fund balances - beginning of year	<u>60,031</u>	<u>60,031</u>	<u>67,663</u>	<u>7,632</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,804</u>	<u>\$ 62,804</u>

CITY OF BULLHEAD CITY, ARIZONA

JCEF FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 11,000	\$ 11,000	\$ 10,920	\$ (80)
Investment earnings	75	75	471	396
Total revenues	<u>11,075</u>	<u>11,075</u>	<u>11,391</u>	<u>316</u>
EXPENDITURES				
Current:				
General government	59,688	59,688	2,974	56,714
Total expenditures	<u>59,688</u>	<u>59,688</u>	<u>2,974</u>	<u>56,714</u>
Net change in fund balances	(48,613)	(48,613)	8,417	57,030
Fund balances - beginning of year	<u>48,613</u>	<u>48,613</u>	<u>49,949</u>	<u>1,336</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,366</u>	<u>\$ 58,366</u>

CITY OF BULLHEAD CITY, ARIZONA
WATER IMPOST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 470,000	\$ 470,000	\$ 548,132	\$ 78,132
Investment earnings	2,850	2,850	5,028	2,178
Other revenues	500	500	4,564	4,064
Total revenues	<u>473,350</u>	<u>473,350</u>	<u>557,724</u>	<u>84,374</u>
EXPENDITURES				
Current:				
General government	1,681,217	1,681,217	619,108	1,062,109
Capital outlay	100,000	100,000	-	100,000
Total expenditures	<u>1,781,217</u>	<u>1,781,217</u>	<u>619,108</u>	<u>1,162,109</u>
Net change in fund balances	(1,307,867)	(1,307,867)	(61,384)	1,246,483
Fund balances - beginning of year	<u>1,309,408</u>	<u>1,309,408</u>	<u>1,080,722</u>	<u>(228,686)</u>
Fund balances - end of year	<u>\$ 1,541</u>	<u>\$ 1,541</u>	<u>\$ 1,019,338</u>	<u>\$ 1,017,797</u>

CITY OF BULLHEAD CITY, ARIZONA
TRANSIT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 815,897	\$ 815,897	\$ 772,750	\$ (43,147)
Charges for services	190,000	190,000	160,429	(29,571)
Investment earnings	-	-	104	104
Other revenues	44,200	44,200	33,118	(11,082)
Total revenues	<u>1,050,097</u>	<u>1,050,097</u>	<u>966,401</u>	<u>(83,696)</u>
EXPENDITURES				
Current:				
General government	1,239,359	1,239,359	1,154,327	85,032
Capital outlay	29,000	29,000	-	29,000
Total expenditures	<u>1,268,359</u>	<u>1,268,359</u>	<u>1,154,327</u>	<u>114,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(218,262)</u>	<u>(218,262)</u>	<u>(187,926)</u>	<u>30,336</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	1,300	1,300
Transfers in	241,351	241,351	241,356	5
Total other financing sources (uses)	<u>241,351</u>	<u>241,351</u>	<u>242,656</u>	<u>1,305</u>
Net change in fund balances	23,089	23,089	54,730	31,641
Fund balances - beginning of year	<u>37,602</u>	<u>37,602</u>	<u>119,746</u>	<u>82,144</u>
Fund balances - end of year	<u>\$ 60,691</u>	<u>\$ 60,691</u>	<u>\$ 174,476</u>	<u>\$ 113,785</u>

CITY OF BULLHEAD CITY, ARIZONA

REO FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Other revenues	\$ -	\$ -	\$ 947	\$ 947
EXPENDITURES				
Current:				
General government	5,000	5,000	40,714	(35,714)
Total expenditures	5,000	5,000	40,714	(35,714)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	-	(5,000)
Net change in fund balances	-	-	(39,767)	(39,767)
Fund balances - beginning of year	-	-	(379,795)	(379,795)
Fund balances - end of year	\$ -	\$ -	\$ (419,562)	\$ (419,562)

CITY OF BULLHEAD CITY, ARIZONA
 COURT ENHANCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 32,000	\$ 32,000	\$ 32,594	\$ 594
Investment earnings	50	50	327	277
Total revenues	<u>32,050</u>	<u>32,050</u>	<u>32,921</u>	<u>871</u>
EXPENDITURES				
Current:				
General government	61,601	61,601	33,204	28,397
Total expenditures	<u>61,601</u>	<u>61,601</u>	<u>33,204</u>	<u>28,397</u>
Net change in fund balances	(29,551)	(29,551)	(283)	29,268
Fund balances - beginning of year	<u>29,551</u>	<u>29,551</u>	<u>35,596</u>	<u>6,045</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,313</u>	<u>\$ 35,313</u>

CITY OF BULLHEAD CITY, ARIZONA
 FILL THE GAP FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 6,200	\$ 6,200	\$ 3,457	\$ (2,743)
Investment earnings	15	15	149	134
Total revenues	<u>6,215</u>	<u>6,215</u>	<u>3,606</u>	<u>(2,609)</u>
EXPENDITURES				
Current:				
General government	16,017	16,017	-	16,017
Total expenditures	<u>16,017</u>	<u>16,017</u>	<u>-</u>	<u>16,017</u>
Net change in fund balances	(9,802)	(9,802)	3,606	13,408
Fund balances - beginning of year	<u>9,802</u>	<u>9,802</u>	<u>15,983</u>	<u>6,181</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,589</u>	<u>\$ 19,589</u>

CITY OF BULLHEAD CITY, ARIZONA
 CDBG/HOME/HTF FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,277,500	\$ 1,277,500	\$ 151,226	\$ (1,126,274)
EXPENDITURES				
Current:				
Redevelopment and housing	1,277,459	1,277,459	171,688	1,105,771
Total expenditures	1,277,459	1,277,459	171,688	1,105,771
Net change in fund balances	41	41	(20,462)	(20,503)
Fund balances - beginning of year	-	-	(9,369)	(9,369)
Fund balances - end of year	\$ 41	\$ 41	\$ (29,831)	\$ (29,872)

CITY OF BULLHEAD CITY, ARIZONA
SPECIAL EVENTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 420,534	\$ 420,534	\$ 78,581	\$ (341,953)
Investment earnings	-	-	640	640
Other revenues	215,788	215,788	49,231	(166,557)
Total revenues	<u>636,322</u>	<u>636,322</u>	<u>128,452</u>	<u>(507,870)</u>
EXPENDITURES				
Current:				
Culture and recreation	642,322	642,322	198,284	444,038
Total expenditures	<u>642,322</u>	<u>642,322</u>	<u>198,284</u>	<u>444,038</u>
Net change in fund balances	(6,000)	(6,000)	(69,832)	(63,832)
Fund balances - beginning of year	<u>6,000</u>	<u>6,000</u>	<u>110,215</u>	<u>104,215</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,383</u>	<u>\$ 40,383</u>

CITY OF BULLHEAD CITY, ARIZONA
 VETERANS MEMORIAL PARK FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 10	\$ 10
EXPENDITURES				
Current:				
Culture and recreation	-	6,172	6,172	-
Total expenditures	-	6,172	6,172	-
Net change in fund balances	-	(6,172)	(6,162)	10
Fund balances - beginning of year	-	-	6,175	6,175
Fund balances - end of year	\$ -	\$ (6,172)	\$ 13	\$ 6,185

CITY OF BULLHEAD CITY, ARIZONA
 FINES/ FEES AND RESTITUTION PROGRAM (FARE) FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 2,900	\$ 2,900	\$ 1,803	\$ (1,097)
Investment earnings	15	15	53	38
Total revenues	<u>2,915</u>	<u>2,915</u>	<u>1,856</u>	<u>(1,059)</u>
EXPENDITURES				
Current:				
General government	14,835	14,835	9,965	4,870
Total expenditures	<u>14,835</u>	<u>14,835</u>	<u>9,965</u>	<u>4,870</u>
Net change in fund balances	(11,920)	(11,920)	(8,109)	3,811
Fund balances - beginning of year	<u>11,920</u>	<u>11,920</u>	<u>10,971</u>	<u>(949)</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,862</u>	<u>\$ 2,862</u>

CITY OF BULLHEAD CITY, ARIZONA
 PEST ABATEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 160,000	\$ 160,000	\$ 145,000	\$ (15,000)
Investment earnings	-	-	448	448
Total revenues	<u>160,000</u>	<u>160,000</u>	<u>145,448</u>	<u>(14,552)</u>
EXPENDITURES				
Current:				
General government	160,000	160,000	151,943	8,057
Total expenditures	<u>160,000</u>	<u>160,000</u>	<u>151,943</u>	<u>8,057</u>
Net change in fund balances	-	-	(6,495)	(6,495)
Fund balances - beginning of year	-	-	14,767	14,767
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,272</u>	<u>\$ 8,272</u>

CITY OF BULLHEAD CITY, ARIZONA
VICTIM SERVICES GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 118,009	\$ 118,009	\$ 104,396	\$ (13,613)
EXPENDITURES				
Current:				
Public safety	118,009	118,009	102,552	15,457
Total expenditures	118,009	118,009	102,552	15,457
Net change in fund balances	-	-	1,844	1,844
Fund balances - beginning of year	-	-	(1,651)	(1,651)
Fund balances - end of year	\$ -	\$ -	\$ 193	\$ 193

CITY OF BULLHEAD CITY, ARIZONA
POLICE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 91,369	\$ 91,369	\$ 35,102	\$ (56,267)
Other revenues	100,000	100,000	-	(100,000)
Total revenues	<u>191,369</u>	<u>191,369</u>	<u>35,102</u>	<u>(156,267)</u>
EXPENDITURES				
Current:				
Public safety	191,369	191,369	68,336	123,033
Total expenditures	<u>191,369</u>	<u>191,369</u>	<u>68,336</u>	<u>123,033</u>
Net change in fund balances	-	-	(33,234)	(33,234)
Fund balances - beginning of year	-	-	(445)	(445)
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (33,679)</u>	<u>\$ (33,679)</u>

CITY OF BULLHEAD CITY, ARIZONA
GENERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 95,000	\$ 95,000	\$ -	\$ (95,000)
Investment earnings	-	-	30	30
Other revenues	5,000	5,000	-	(5,000)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>30</u>	<u>(99,970)</u>
EXPENDITURES				
Current:				
Culture and recreation	5,000	5,000	-	5,000
Capital outlay	95,000	95,000	-	95,000
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	-	-	30	30
Fund balances - beginning of year	-	-	3,502	3,502
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,532</u>	<u>\$ 3,532</u>

CITY OF BULLHEAD CITY, ARIZONA
 SENIOR NUTRITION CENTER FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 158,244	\$ 158,244	\$ 134,288	\$ (23,956)
Other revenues	96,900	96,900	43,943	(52,957)
Total revenues	<u>255,144</u>	<u>255,144</u>	<u>178,231</u>	<u>(76,913)</u>
EXPENDITURES				
Current:				
Health and welfare	354,542	354,542	298,903	55,639
Total expenditures	<u>354,542</u>	<u>354,542</u>	<u>298,903</u>	<u>55,639</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(99,398)</u>	<u>(99,398)</u>	<u>(120,672)</u>	<u>(21,274)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>100,460</u>	<u>100,460</u>	<u>100,464</u>	<u>4</u>
Net change in fund balances	1,062	1,062	(20,208)	(21,270)
Fund balances - beginning of year	-	-	(36,822)	(36,822)
Fund balances - end of year	<u>\$ 1,062</u>	<u>\$ 1,062</u>	<u>\$ (57,030)</u>	<u>\$ (58,092)</u>

Other Supplementary Information

BUDGETARY SCHEDULES NON-MAJOR CAPITAL PROJECT FUNDS

CITY OF BULLHEAD CITY, ARIZONA
STREET LIGHTING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 58,161	\$ 58,161	\$ 88,084	\$ 29,923
Investment earnings	-	-	90	90
Total revenues	<u>58,161</u>	<u>58,161</u>	<u>88,174</u>	<u>30,013</u>
EXPENDITURES				
Current:				
Highways and streets	71,528	71,528	81,191	(9,663)
Total expenditures	<u>71,528</u>	<u>71,528</u>	<u>81,191</u>	<u>(9,663)</u>
Net change in fund balances	(13,367)	(13,367)	6,983	20,350
Fund balances - beginning of year	<u>17,306</u>	<u>17,306</u>	<u>4,281</u>	<u>(13,025)</u>
Fund balances - end of year	<u>\$ 3,939</u>	<u>\$ 3,939</u>	<u>\$ 11,264</u>	<u>\$ 7,325</u>

CITY OF BULLHEAD CITY, ARIZONA
 CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,550,000	\$ 3,550,000	\$ -	\$ (3,550,000)
Investment earnings	2,442	2,442	23,769	21,327
Other revenues	-	-	11,000	11,000
Total revenues	<u>3,552,442</u>	<u>3,552,442</u>	<u>34,769</u>	<u>(3,517,673)</u>
EXPENDITURES				
Current:				
Culture and recreation	-	-	15,080	(15,080)
Highways and streets	-	-	(1,986)	1,986
Capital outlay	7,613,900	7,778,650	3,743,944	4,034,706
Total expenditures	<u>7,613,900</u>	<u>7,778,650</u>	<u>3,757,038</u>	<u>4,021,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,061,458)</u>	<u>(4,226,208)</u>	<u>(3,722,269)</u>	<u>503,939</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	2,287,192	2,287,192	3,121,053	833,861
Transfers in	1,469,579	1,312,829	1,751,203	438,374
Total other financing sources (uses)	<u>3,756,771</u>	<u>3,600,021</u>	<u>4,872,256</u>	<u>1,272,235</u>
Net change in fund balances	(304,687)	(626,187)	1,149,987	1,776,174
Fund balances - beginning of year	<u>241,210</u>	<u>241,210</u>	<u>371,764</u>	<u>130,554</u>
Fund balances - end of year	<u>\$ (63,477)</u>	<u>\$ (384,977)</u>	<u>\$ 1,521,751</u>	<u>\$ 1,906,728</u>

CITY OF BULLHEAD CITY, ARIZONA
 FLOOD CONTROL FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 885,450	\$ 885,450	\$ 862,140	\$ (23,310)
Investment earnings	1,000	1,000	4,633	3,633
Total revenues	<u>886,450</u>	<u>886,450</u>	<u>866,773</u>	<u>(19,677)</u>
EXPENDITURES				
Current:				
Highways and streets	614,677	614,677	633,288	(18,611)
Capital outlay	718,139	718,139	119,877	598,262
Total expenditures	<u>1,332,816</u>	<u>1,332,816</u>	<u>753,165</u>	<u>579,651</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(446,366)</u>	<u>(446,366)</u>	<u>113,608</u>	<u>559,974</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(700,000)</u>	<u>(700,000)</u>	<u>(300,000)</u>	<u>400,000</u>
Net change in fund balances	(1,146,366)	(1,146,366)	(186,392)	959,974
Fund balances - beginning of year	<u>1,146,366</u>	<u>1,146,366</u>	<u>1,188,816</u>	<u>42,450</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,002,424</u>	<u>\$ 1,002,424</u>

Other Supplementary Information

BUDGETARY SCHEDULES NON-MAJOR DEBT SERVICE FUNDS

CITY OF BULLHEAD CITY, ARIZONA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 492	\$ 492
EXPENDITURES				
Debt service:				
Principal	140,428	140,428	-	140,428
Interest and fiscal charges	91,106	91,106	62,588	28,518
Total expenditures	231,534	231,534	62,588	168,946
Excess (deficiency) of revenues over (under) expenditures	(231,534)	(231,534)	(62,096)	169,438
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	121,837	121,837
Transfers in	231,534	231,534	-	(231,534)
Total other financing sources (uses)	231,534	231,534	121,837	(109,697)
Net change in fund balances	-	-	59,741	59,741
Fund balances - beginning of year	-	-	1,226	1,226
Fund balances - end of year	\$ -	\$ -	\$ 60,967	\$ 60,967

CITY OF BULLHEAD CITY, ARIZONA
 EAST BRANCH SEWER IMPROVEMENT DISTRICT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	-	-	-	-
EXPENDITURES				
Total expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	123	123
Fund balances - end of year	\$ -	\$ -	\$ 123	\$ 123

CITY OF BULLHEAD CITY, ARIZONA
 EXCISE REVENUE BOND REFUNDING
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 6,983	\$ 6,983
Other revenues	-	-	1,227	1,227
Total revenues	-	-	8,210	8,210
EXPENDITURES				
Debt service:				
Principal	1,657,000	1,657,000	1,657,000	-
Interest and fiscal charges	180,920	180,920	183,070	(2,150)
Total expenditures	1,837,920	1,837,920	1,840,070	(2,150)
Excess (deficiency) of revenues over (under) expenditures	(1,837,920)	(1,837,920)	(1,831,860)	6,060
OTHER FINANCING SOURCES (USES)				
Transfers in	1,837,920	1,837,920	1,837,908	(12)
Net change in fund balances	-	-	6,048	6,048
Fund balances - beginning of year	-	-	796	796
Fund balances - end of year	\$ -	\$ -	\$ 6,844	\$ 6,844

Other Supplementary Information

INTERNAL SERVICE FUNDS

- **Fleet Services** - This fund is used to account for the activities relating to the purchasing and operations of the City's vehicle and heavy equipment fleet.
- **Risk Management** - This fund is used to account for the activities relating to the City's self-insurance program.
- **Employee Benefit Trust** - This fund is used to account for the activities relating to the operation of the City's health insurance program.



CITY OF BULLHEAD CITY, ARIZONA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2018

	Fleet Services	Risk Management	Employee Benefit Trust	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ 367,718	\$ 185,822	\$ 553,540
Accounts receivable, net	4,643	186,152	-	190,795
Inventory	35,694	-	-	35,694
Prepaid expenses	1,146	-	85,846	86,992
Total current assets	<u>41,483</u>	<u>553,870</u>	<u>271,668</u>	<u>867,021</u>
Noncurrent assets				
Capital assets:				
Buildings and improvements	1,035,021	-	-	1,035,021
Improvements, other than buildings	72,571	-	-	72,571
Vehicles, furniture and equipment	7,486,756	-	-	7,486,756
Less accumulated depreciation	<u>(6,012,114)</u>	<u>-</u>	<u>-</u>	<u>(6,012,114)</u>
Total noncurrent assets	<u>2,582,234</u>	<u>-</u>	<u>-</u>	<u>2,582,234</u>
Total assets	<u>2,623,717</u>	<u>553,870</u>	<u>271,668</u>	<u>3,449,255</u>
LIABILITIES				
Current liabilities				
Accounts payable	75,099	104,940	5,667	185,706
Accrued payroll and related liabilities	5,186	-	-	5,186
Due to other funds	150,886	-	-	150,886
Other liabilities	<u>2,137</u>	<u>1,820</u>	<u>-</u>	<u>3,957</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>233,308</u>	<u>106,760</u>	<u>5,667</u>	<u>345,735</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	<u>-</u>	<u>2,490</u>	<u>-</u>	<u>2,490</u>
Total deferred inflows of resources	<u>-</u>	<u>2,490</u>	<u>-</u>	<u>2,490</u>
NET POSITION				
Net investment in capital assets	2,582,234	-	-	2,582,234
Unrestricted (deficit)	<u>(191,825)</u>	<u>444,620</u>	<u>266,001</u>	<u>518,796</u>
Total net position	<u>\$ 2,390,409</u>	<u>\$ 444,620</u>	<u>\$ 266,001</u>	<u>\$ 3,101,030</u>



CITY OF BULLHEAD CITY, ARIZONA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
Year Ended June 30, 2018

	Fleet Services	Risk Management	Employee Benefit Trust	Total
Operating revenues				
Charges for services	\$ 1,121,117	\$ 1,424,231	\$ 3,477,703	\$ 6,023,051
Other revenues	12,601	204,168	295,727	512,496
Total operating revenue	<u>1,133,718</u>	<u>1,628,399</u>	<u>3,773,430</u>	<u>6,535,547</u>
Operating expenses				
Salaries and related expenses	279,147	128,314	-	407,461
Medical claims and self-insurance	-	484,213	3,462,433	3,946,646
Administration	796,604	686,804	2,380	1,485,788
Utilities	34,092	-	-	34,092
Maintenance, supplies and equipment	24,897	-	-	24,897
Depreciation	278,312	-	-	278,312
Other	645	-	-	645
Total operating expenses	<u>1,413,697</u>	<u>1,299,331</u>	<u>3,464,813</u>	<u>6,177,841</u>
Operating income (loss)	<u>(279,979)</u>	<u>329,068</u>	<u>308,617</u>	<u>357,706</u>
Non-operating Revenues (Expenses)				
Investment income	1,045	1,462	-	2,507
Gain (loss) on disposal of capital assets	17,102	-	-	17,102
Total nonoperating revenue (expense)	<u>18,147</u>	<u>1,462</u>	<u>-</u>	<u>19,609</u>
Income (loss) before contributions and transfers	(261,832)	330,530	308,617	377,315
Capital contributions	178,449	-	-	178,449
Transfers in	572,603	-	-	572,603
Change in net position	<u>489,220</u>	<u>330,530</u>	<u>308,617</u>	<u>1,128,367</u>
Net position, beginning of year	<u>1,901,189</u>	<u>114,090</u>	<u>(42,616)</u>	<u>1,972,663</u>
Total net position-end of year	<u>\$ 2,390,409</u>	<u>\$ 444,620</u>	<u>\$ 266,001</u>	<u>\$ 3,101,030</u>

CITY OF BULLHEAD CITY, ARIZONA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2018

	Fleet Services	Risk Management	Employee Benefit Trust	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services	\$ 1,118,541	\$ 1,240,569	\$ 3,477,703	\$ 5,836,813
Other operating receipts	12,601	204,168	295,727	512,496
Payments to suppliers	(799,938)	(1,148,390)	(3,720,869)	(5,669,197)
Payments to employees	(282,994)	(132,247)	-	(415,241)
Cash flows from operating activities	<u>48,210</u>	<u>164,100</u>	<u>52,561</u>	<u>264,871</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Payments to other funds	(61,652)	-	-	(61,652)
Interfund transfers	572,603	-	-	572,603
Cash flows from noncapital and related financing activities	<u>510,951</u>	<u>-</u>	<u>-</u>	<u>510,951</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(577,308)	-	-	(577,308)
Proceeds from sale of capital assets	17,102	-	-	17,102
Cash flows from capital and related financing activities	<u>(560,206)</u>	<u>-</u>	<u>-</u>	<u>(560,206)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,045	1,462	-	2,507
Cash flows from investing activities	<u>1,045</u>	<u>1,462</u>	<u>-</u>	<u>2,507</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	165,562	52,561	218,123
Cash and cash equivalents at beginning of year	-	202,156	133,261	335,417
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 367,718</u>	<u>\$ 185,822</u>	<u>\$ 553,540</u>

	<u>Fleet Services</u>	<u>Risk Management</u>	<u>Employee Benefit Trust</u>	<u>Total</u>
Reconciliation of operating Income (loss) to net cash provided (used) by operating activities:				
Net operating income (loss)	\$ (279,979)	\$ 329,068	\$ 308,617	\$ 357,706
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	278,312	-	-	278,312
Changes in operating assets and liabilities (Increase)/decrease in:				
Accounts receivable	(2,576)	(182,261)	-	(184,837)
Prepaid expenses	(1,146)	-	(85,846)	(86,992)
Increase/(decrease) in:				
Accounts payable	57,446	22,627	(170,210)	(90,137)
Accrued payroll and related liabilities	(3,847)	(3,933)	-	(7,780)
Deferred revenue	-	(1,401)	-	(1,401)
Net cash provided (used) by operating activities:	<u>\$ 48,210</u>	<u>\$ 164,100</u>	<u>\$ 52,561</u>	<u>\$ 264,871</u>
 Noncash investing, capital, and financing activities:				
Contributions of capital assets	\$ 178,449	\$ -	\$ -	\$ 178,449



Statistical Section

<u>Contents</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	148-157
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales and uses taxes.	158-169
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	170-177
Demographic and Economic Statistics These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	178-187
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	188-185
Continuing Disclosure Compliance These schedules contain information any government or governmental entity issuing bonds has an obligation to meet.	186-190
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

City of Bullhead City, Arizona
Table 1
Net Position by Component
Last Ten Fiscal Years
Accrual Basis of Accounting

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Governmental Activities</u>				
Net investment in Capital Assets	\$ 40,512	\$ 64,000	\$ 61,985	\$ 58,405
Restricted	9,604	9,165	5,793	7,562
Unrestricted	30,848	4,042	4,884	1,570
Total Governmental Activities Net Position	80,965	77,207	72,662	67,537
<u>Business-type Activities</u>				
Net investment in Capital Assets	89,794	87,291	90,358	88,826
Restricted	-	-	-	-
Unrestricted	10,658	11,410	7,742	7,697
Total Business-type Activities Net Position	100,452	98,701	98,101	96,523
<u>Primary Government</u>				
Net investment in Capital Assets	130,307	151,291	152,343	147,231
Restricted	9,604	9,165	5,793	7,562
Unrestricted	41,506	15,451	12,626	9,267
Total Primary Government Net Position	<u>\$ 181,417</u>	<u>\$ 175,907</u>	<u>\$ 170,763</u>	<u>\$ 164,060</u>

	2013	2014	2015	2016	2017	2018
\$	54,629	\$ 49,623	\$ 44,857	\$ 23,203	\$ 22,222	\$ 26,472
	9,118	7,405	5,347	5,045	5,893	6,995
	1,054	2,678	(9,567)	7,715	2,611	(471)
	64,801	59,705	40,637	35,963	30,726	32,996
	89,006	84,699	90,081	92,001	93,098	92,549
	-	-	-	3,110	3,004	2,210
	6,944	11,759	6,103	449	(219)	(258)
	95,950	96,459	96,184	95,560	95,883	94,502
	143,635	134,323	134,938	115,203	115,319	119,022
	9,118	7,405	5,347	8,154	8,897	9,205
	7,998	14,437	(3,464)	8,165	2,392	(729)
\$	<u>160,751</u>	<u>\$ 156,164</u>	<u>\$ 136,821</u>	<u>\$ 131,522</u>	<u>\$ 126,608</u>	<u>\$ 127,498</u>

City of Bullhead City, Arizona
Table 2
Changes in Net Position
Last Ten Fiscal Years
Accrual Basis of Accounting

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses				
Governmental Activities:				
General Government	\$ 12,197	\$ 12,266	\$ 11,479	\$ 8,471
Public Safety	13,333	11,972	11,142	12,396
Culture and Recreation	4,569	2,495	2,349	3,160
Economic Development	192	184	339	149
Redevelopment and housing	784	940	533	455
Highways and Streets	9,206	8,933	8,758	8,647
Health and Welfare	-	-	-	-
Interest on Long-term Debt	2,513	1,643	2,039	1,606
Total Governmental Activities Expenses	42,795	38,433	36,640	34,884
Business-type Activities:				
Wastewater Operations	8,343	8,766	9,206	9,214
Water Operations	99	96	13	20
Total Business-type Activities Expenses	8,442	8,862	9,219	9,234
Total Primary Government Expenses	51,237	47,295	45,858	44,118
Program Revenue				
Governmental Activities:				
Charges for Services:				
General Government	2,238	1,977	1,822	2,116
Public Safety	929	872	825	887
Culture and recreation	218	178	259	219
Highways and streets	361	324	311	313
Operating Grants and Contributions	4,677	6,927	5,964	5,895
Capital Grants and Contributions	5,449	2,893	3,019	1,800
Total Governmental Activities Program Revenues	13,873	13,171	12,200	11,229
Business-type Activities:				
Charges for Services:				
Wastewater Operations	8,413	8,646	8,708	9,180
Water Operations	208	209	146	293
Capital Grants and Contributions	499	305	154	177
Total Business-type Activities Revenues	9,120	9,160	9,007	9,650
Total Primary Government Revenues	\$ 22,993	\$ 22,331	\$ 21,208	\$ 20,879
Net (Expense)/Revenue				
Governmental Activities	\$ (28,922)	\$ (25,262)	\$ (24,440)	\$ (23,655)
Business-type Activities	678	298	(211)	416
Total Primary Government Net Expense	(28,244)	(24,964)	(24,651)	(23,239)

	2013	2014	2015	2016	2017	2018
\$	8,710	\$ 10,209	\$ 10,198	\$ 10,196	\$ 10,585	\$ 12,894
	12,774	13,026	13,944	12,565	16,016	14,400
	3,535	4,278	4,519	4,361	4,472	3,837
	155	115	124	79	339	104
	330	168	417	421	662	171
	9,103	8,638	8,841	9,874	9,714	4,510
	-	-	-	919	869	869
	1,374	1,044	946	782	735	742
	<u>35,981</u>	<u>37,477</u>	<u>38,989</u>	<u>39,199</u>	<u>43,392</u>	<u>37,526</u>
	10,027	9,362	9,799	10,127	9,583	10,792
	19	36	29	11	31	66
	<u>10,045</u>	<u>9,398</u>	<u>9,827</u>	<u>10,138</u>	<u>9,613</u>	<u>10,857</u>
	46,026	46,875	48,817	49,337	53,005	48,383
	2,271	2,542	2,970	2,303	2,926	2,283
	917	976	955	1,738	1,767	1,915
	175	197	169	1,563	1,467	397
	261	391	394	76	42	65
	7,043	5,466	5,791	5,790	7,320	5,934
	1,754	1,568	1,086	524	425	3,438
	<u>12,421</u>	<u>11,139</u>	<u>11,366</u>	<u>11,994</u>	<u>13,946</u>	<u>14,032</u>
	9,068	9,082	9,078	9,053	9,002	8,969
	39	124	55	70	59	112
	162	523	172	140	654	244
	<u>9,269</u>	<u>9,729</u>	<u>9,305</u>	<u>9,263</u>	<u>9,715</u>	<u>9,325</u>
\$	<u>21,690</u>	<u>\$ 20,867</u>	<u>\$ 20,671</u>	<u>\$ 21,258</u>	<u>\$ 23,662</u>	<u>\$ 23,357</u>
\$	(23,559)	\$ (26,338)	\$ (27,624)	\$ (27,205)	\$ (29,445)	\$ (23,494)
	(777)	331	(522)	(875)	102	(1,533)
	<u>(24,336)</u>	<u>(26,008)</u>	<u>(28,146)</u>	<u>(28,079)</u>	<u>(29,343)</u>	<u>\$ (25,026)</u>

City of Bullhead City, Arizona
Table 2
Changes in Net Position (Continued)
Last Ten Fiscal Years
Accrual Basis of Accounting

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Revenues and Other Changes				
Governmental Activities:				
Taxes				
City Sales Tax	10,651	10,071	10,262	10,164
State Shared Sales Tax	3,000	2,798	2,952	3,102
Urban Revenue Sharing	5,716	4,933	3,719	3,337
Franchise Tax	543	540	539	621
State Shared Vehicle License Tax	2,120	1,887	1,872	1,850
Other Taxes	68	75	73	75
Gain (loss) of sale of capital assets	-	-	-	18
Interest and Investment Income	69	126	32	23
Miscellaneous and Special Items	-	-	-	-
Transfers	6	1,150	445	62
Total Governmental Activities	<u>22,173</u>	<u>21,580</u>	<u>19,894</u>	<u>19,251</u>
Business-type Activities:				
Taxes	-	-	-	-
Gain (loss) of sale of capital assets	-	-	-	(1,984)
Interest and Investment Income	8	89	56	52
Miscellaneous	-	-	-	-
Transfers	(6)	(1,150)	(445)	(62)
Total Business-type Activities	<u>2</u>	<u>(1,061)</u>	<u>(389)</u>	<u>(1,994)</u>
Total Primary Government	<u>22,175</u>	<u>20,520</u>	<u>19,506</u>	<u>17,257</u>
Change in Net Position				
Governmental Activities	(6,749)	(3,682)	(4,545)	(4,404)
Business-type Activities	680	(762)	(600)	(1,578)
Total Primary Government	<u>\$ (6,069)</u>	<u>\$ (4,444)</u>	<u>\$ (5,145)</u>	<u>\$ (5,982)</u>

2013	2014	2015	2016	2017	2018
10,299	10,821	11,284	12,078	12,792	13,504
3,246	3,447	3,629	3,728	3,615	3,842
4,039	4,407	4,787	4,761	4,826	4,951
659	677	687	707	734	739
1,832	1,902	2,019	2,157	2,295	2,530
71	71	34	75	75	74
37	33	3	-	-	-
20	12	11	13	49	152
-	-	-	-	-	-
(100)	(128)	(217)	(211)	(177)	(133)
20,103	21,243	22,235	23,308	24,208	25,659
-	-	-	-	-	-
-	-	(12)	-	-	-
104	50	43	40	44	18
-	-	-	-	-	-
100	128	217	211	177	133
204	178	248	251	221	151
20,307	21,421	22,483	23,559	24,429	25,811
(3,457)	(5,095)	(5,389)	(3,897)	(5,237)	2,165
(572)	508	(275)	(624)	323	(1,381)
\$ (4,029)	\$ (4,587)	\$ (5,663)	\$ (4,521)	\$ (4,914)	\$ 784

City of Bullhead City, Arizona
Table 3
Fund Balances of Governmental Funds
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund				
Reserved	\$ 161	\$ 89	\$ -	\$ -
Unreserved	7,230	6,023	-	-
Nonspendable	-	-	96	8
Restricted	-	-	82	79
Unassigned	-	-	6,127	6,221
Total General Fund	<u>\$ 7,390</u>	<u>\$ 6,112</u>	<u>\$ 6,305</u>	<u>\$ 6,307</u>
All Other Governmental Funds				
Restricted	\$ (112)	\$ (108)	\$ 5,711	\$ 7,418
Nonspendable	-	-	35	1
Unassigned	-	-	(1,120)	(1,610)
Unreserved, reported in:				
Special Revenue Funds	1,481	1,040	-	-
Capital Project Funds	4,484	2,920	-	-
Debt Service Funds	3,717	5,240	-	-
Total All Other Governmental Funds	<u>\$ 9,570</u>	<u>\$ 9,092</u>	<u>\$ 4,626</u>	<u>\$ 5,809</u>

Note: Due to implementation of GASB No 54 in FY2011, categories regarding fund balances have been redefined

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
11	879	874	874	1,354	703
79	49	31	31	53	77
<u>6,237</u>	<u>6,635</u>	<u>8,526</u>	<u>9,568</u>	<u>10,048</u>	<u>10,731</u>
<u>\$ 6,327</u>	<u>\$ 7,563</u>	<u>\$ 9,431</u>	<u>\$ 10,473</u>	<u>\$ 11,455</u>	<u>\$ 11,511</u>
\$ 8,968	\$ 7,452	\$ 5,445	\$ 5,393	5,864	6,942
1	-	20	-	-	13
(2,127)	(2,081)	(1,952)	(1,732)	(1,577)	(1,689)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,843</u>	<u>\$ 5,371</u>	<u>\$ 3,513</u>	<u>\$ 3,661</u>	<u>\$ 4,287</u>	<u>\$ 5,265</u>

City of Bullhead City, Arizona
Table 4
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues				
City tax revenue	\$ 11,263	\$ 10,686	\$ 10,874	\$ 10,859
Intergovernmental	18,956	17,526	14,386	14,246
Charges for services	1,588	2,119	2,193	2,133
Special assessments	7,958	7,026	6,262	5,893
Licenses and permits	1,186	483	395	461
Fines and forfeitures	833	782	670	912
Rents	30	51	45	34
Interest income	69	126	32	23
Other revenue	312	196	1,743	614
Total Revenues	42,193	38,995	36,600	35,174
Expenditures				
General government	10,371	10,639	7,637	3,580
Public safety	12,794	11,576	11,360	11,191
Culture and recreation	4,290	2,183	2,022	2,844
Economic development	192	184	339	149
Redevelopment and housing	784	926	533	457
Highways and streets	3,759	3,243	3,043	6,924
Health and welfare	-	-	-	-
Debt service:				
Principal	5,793	5,514	10,445	5,365
Interest and fiscal charges	2,513	1,643	2,039	1,606
Bond Issuance Costs	-	-	-	-
Capital outlay	4,454	6,209	4,465	1,669
Total Expenditures	44,949	42,118	41,883	33,785
Other Financing Sources (Uses)				
Transfers in	6,892	4,208	2,406	2,004
Transfers out	(7,013)	(2,841)	(1,961)	(2,225)
Refunding Bonds Issued	-	-	-	-
Capital lease agreements	-	-	215	18
Proceeds from issuance of bonds	-	-	-	-
Payments to escrow agent	-	-	-	-
Sale of capital assets	-	-	-	-
Total Other Financing Sources and (Uses)	(121)	1,367	660	(204)
Net Change in Fund Balances	\$ (2,877)	\$ (1,756)	\$ (4,624)	\$ 1,185
Debt Service as a Percentage of Noncapital Expenditures	20.5%	19.9%	33.4%	21.7%

	2013	2014	2015	2016	2017	2018
\$	11,028	\$ 11,569	\$ 12,005	\$ 12,859	\$ 13,601	\$ 14,318
	16,359	15,230	16,066	16,172	17,627	17,315
	2,147	2,482	2,640	2,724	2,863	2,302
	5,076	4,131	3,908	3,752	3,186	2,734
	469	570	654	635	617	724
	972	1,011	1,132	1,160	1,182	968
	34	41	44	55	67	75
	20	12	11	13	49	152
	624	668	484	1,085	1,060	358
	36,729	35,715	36,944	38,455	40,251	38,945
	7,746	8,876	8,327	9,319	9,683	10,440
	12,300	12,557	12,562	11,522	11,633	12,935
	3,532	3,549	3,834	3,660	3,971	3,166
	155	115	124	77	342	101
	332	167	410	420	676	172
	2,661	2,808	3,038	4,085	2,695	3,611
	-	-	-	919	869	870
	5,351	4,497	4,508	4,895	3,877	3,943
	1,374	1,044	946	741	620	610
	-	-	-	54	-	267
	2,161	2,696	2,978	2,320	4,113	4,324
	35,613	36,308	36,727	38,012	38,480	40,438
	1,918	1,732	1,714	4,359	4,974	4,996
	(2,018)	(1,860)	(1,931)	(4,570)	(5,151)	(5,702)
	-	-	-	2,712	-	-
	37	378	8	57	-	-
	-	6,605	-	1,510	-	3,230
	-	(6,531)	-	(2,623)	-	-
	-	33	3	78	13	3
	(63)	358	(206)	1,524	(164)	2,528
\$	1,053	\$ (236)	\$ 11	\$ 1,967	\$ 1,607	\$ 1,035

20.1%

16.5%

16.2%

15.9%

12.7%

13.6%

City of Bullhead City, Arizona
Table 5
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
Accrual Basis of Accounting

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	\$ 10,651	\$ 10,071	\$ 10,262	\$ 10,164	\$ 10,299
Transient Occupancy	68	75	73	75	71
Franchise	543	540	539	621	659
Motor Fuel	3,241	3,155	3,135	2,794	3,074
Totals	<u>\$ 14,504</u>	<u>\$ 13,841</u>	<u>\$ 14,009</u>	<u>\$ 13,653</u>	<u>\$ 14,102</u>

2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	
\$ 10,821	\$ 11,284	\$ 12,078	\$ 12,792	\$ 13,504
71	34	75	75	74
677	687	707	734	739
3,186	3,416	3,553	3,673	3,788
<u>\$ 14,755</u>	<u>\$ 15,421</u>	<u>\$ 16,412</u>	<u>\$ 17,274</u>	<u>\$ 18,105</u>

City of Bullhead City, Arizona
Table 6
General Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Property	\$ -	\$ -	\$ -	\$ -
Sales	\$ 10,651	\$ 10,071	\$ 10,262	\$ 10,164
Franchise	543	540	539	621
Bed Tax	68	75	73	75
Totals	<u>\$ 11,263</u>	<u>\$ 10,686</u>	<u>\$ 10,874</u>	<u>\$ 10,859</u>

Source: City of Bullhead City Finance Department

2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 10,299	\$ 10,821	\$ 11,284	\$ 12,078	\$ 12,792	\$ 13,504
659	677	687	707	734	739
71	71	34	75	75	74
<u>\$ 11,028</u>	<u>\$ 11,569</u>	<u>\$ 12,005</u>	<u>\$ 12,859</u>	<u>\$ 13,601</u>	<u>\$ 14,318</u>

City of Bullhead City, Arizona
Table 7
Taxable Sales by Category
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Communications and utilities	\$ 76,437	\$ 68,012	\$ 64,797	\$ 65,252
Transportation and warehousing	982	-	-	-
Construction	47,918	30,103	30,969	24,455
Manufacturing	14,156	-	-	-
Wholesale trade	8,383	-	-	-
Retail trade	279,550	286,109	306,000	306,308
Finance and insurance	1,194	-	-	-
Real estate, rental and leasing	34,945	40,633	38,344	37,177
Restaurant and bar	42,751	40,020	40,231	43,945
Accommodation	2,110	-	-	-
Public administration	845	-	-	-
Services	16,836	-	-	-
Arts and entertainment	668	-	-	-
Hotel/Motel	-	2,197	2,396	2,166
Publication	-	3,847	3,548	2,857
Use tax	-	20,432	18,688	15,457
Other	4,442	8,795	4,240	6,435
Total	<u><u>\$ 531,218</u></u>	<u><u>\$ 500,148</u></u>	<u><u>\$ 509,214</u></u>	<u><u>\$ 504,051</u></u>
City Transaction Privilege Rate	2.00%	2.00%	2.00%	2.00%

Sources: Arizona Department of Revenue/Revenue Discover Systems

	2013	2014	2015	2016	2017	2018
\$	69,953	\$ 66,996	\$ 67,424	\$ 67,264	\$ 64,964	\$ 66,684
	-	-	-	108	20	-
	24,617	30,249	34,039	31,327	28,444	48,575
	-	-	-	-	-	-
	-	-	-	-	-	-
	312,112	318,683	347,782	372,050	403,935	403,006
	-	-	-	-	-	-
	39,092	37,300	37,624	41,847	38,978	41,662
	43,705	54,417	49,146	58,130	61,907	68,460
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	1,765	1,782	2,430
	2,183	2,253	2,185	2,537	3,247	4,011
	2,890	2,536	-	648	1,167	1,108
	14,360	20,737	-	22,097	29,833	35,773
	3,388	3,550	25,817	5,973	5,303	3,507
\$	512,299	\$ 536,721	\$ 564,017	\$ 603,746	\$ 639,580	\$ 675,215
	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%

City of Bullhead City, Arizona
Table 8
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Privilege (Sales) Tax Rates				Use Tax Rates			
Fiscal Year	City Direct	County Rate	State Rate	Fiscal Year	City Direct	County Rate	State Rate
2009	2.00%	0.25%	5.60%	2009	2.00%	0.00%	5.60%
2010 ^a	2.00%	0.25%	6.60%	2010 ^a	2.00%	0.00%	6.60%
2011	2.00%	0.25%	6.60%	2011	2.00%	0.00%	6.60%
2012	2.00%	0.25%	6.60%	2012	2.00%	0.00%	6.60%
2013 ^b	2.00%	0.25%	5.60%	2013 ^b	2.00%	0.00%	5.60%
2014	2.00%	0.25%	5.60%	2014	2.00%	0.00%	5.60%
2015	2.00%	0.25%	5.60%	2015	2.00%	0.00%	5.60%
2016	2.00%	0.25%	5.60%	2016	2.00%	0.00%	5.60%
2017	2.00%	0.25%	5.60%	2017	2.00%	0.00%	5.60%
2018	2.00%	0.25%	5.60%	2018	2.00%	0.00%	5.60%

Transient Occupancy Tax Rates				Jet Fuel Tax Rates (cents per gallon)			
Fiscal Year	City Direct	County Rate	State Rate	Fiscal Year	City Direct	County Rate	State Rate
2009	3.00%	0.18%	5.60%	2009	\$ 0.03	\$ 0.00152	\$ 0.0305
2010 ^a	3.00%	0.18%	6.60%	2010	0.03	0.00152	0.0305
2011	3.00%	0.18%	6.60%	2011	0.03	0.00152	0.0305
2012	3.00%	0.18%	6.60%	2012	0.03	0.00152	0.0305
2013 ^b	3.00%	0.18%	5.60%	2013	0.03	0.00152	0.0305
2014	3.00%	0.18%	5.60%	2014	0.03	0.00152	0.0305
2015	3.00%	0.18%	5.60%	2015	0.03	0.00152	0.0305
2016	3.00%	0.18%	5.60%	2016	0.03	0.00152	0.0305
2017	3.00%	0.18%	5.60%	2017	0.03	0.00152	0.0305
2018	3.00%	0.18%	5.60%	2018	0.03	0.00152	0.0305

Source: Arizona Department of Revenue

Note: Privilege (Sales) Tax applies to the sale, lease, license for use and/or rental transactions.

Use Tax applies to the storage or use of items within the city on which no privilege tax has been paid.

Transient Occupancy Tax applies to transactions involving transient lodging.

Jet Fuel Tax applies to transactions involving the sale of jet fuel.

a - The State of Arizona tax rate went from 5.6% to 6.6% on June 1, 2010

b - The State of Arizona tax rate went from 6.6% to 5.6% on June 1, 2013



City of Bullhead City, Arizona
Table 9
Sales Tax Revenue Payers by Industry
Current Year and Nine Years Ago

	Fiscal Year 2018			
	Number of Filers	Percentage of Total	Tax Revenue	Percentage of Total
Communications and Utilities	29	1.36%	1,333,686	9.88%
Construction	171	7.99%	971,491	7.19%
Retail Trade	905	42.29%	8,060,114	59.68%
Real Estate, Rental & Leasing	317	14.81%	834,154	6.18%
Restaurant and Bar	89	4.16%	1,369,196	10.14%
Hotel/Motel	27	1.26%	80,220	0.59%
Publication	9	0.42%	22,156	0.16%
Use Tax	561	26.21%	715,461	5.30%
Other	32	1.50%	118,741	0.88%
Total	2,140	100.00%	13,505,220	100.00%

note. Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories are intended to provide alternative information regarding the sources of the City's revenue. The tax filers reported do not include those under \$30 in tax collections.

The industry groupings for the current year are not available in FY 2008 data.

Fiscal Year 2009

Number of Filers	Percentage of Total	Tax Revenue	Percentage of Total
111	3.21%	1,528,745	14.39%
538	15.57%	958,353	9.02%
910	26.33%	5,591,000	52.62%
330	9.55%	698,909	6.58%
113	3.27%	855,015	8.05%
18	0.52%	42,193	0.40%
0	0.00%	-	0.00%
0	0.00%	-	0.00%
1,436	41.55%	950,137	8.94%
3,456	100.00%	\$ 10,624,352	100.00%

City of Bullhead City, Arizona
Table 10
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year		Real Property		Personal Property		Centrally Valued Property	
		Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value
2009	P	360,661,357	3,209,310,073	16,347,977	115,857,146	19,264,089	87,564,043
	S	527,908,052	4,708,343,628	16,347,977	115,857,146	19,264,089	87,564,043
2010	P	324,994,293	3,018,405,017	14,723,484	106,076,728	17,435,266	83,025,095
	S	346,741,498	3,261,152,473	14,723,531	106,076,728	17,435,266	83,025,095
2011	P	261,871,834	2,432,288,329	13,116,506	99,435,296	17,038,550	85,192,732
	S	267,056,254	2,508,782,848	13,116,506	99,435,296	17,038,551	85,192,732
2012	P	237,824,471	2,226,902,602	13,789,754	103,745,035	16,986,948	84,934,739
	S	241,661,044	2,285,545,644	13,789,754	103,745,035	16,986,949	84,934,739
2013	P	236,161,588	2,249,358,438	12,584,485	100,066,316	16,766,811	85,983,625
	S	241,646,112	2,316,259,885	12,584,485	100,066,316	16,766,813	85,983,625
2014	P	233,172,625	2,251,553,219	11,265,656	93,745,440	16,148,385	84,991,529
	S	237,222,823	2,291,328,954	11,265,656	93,745,440	16,148,390	84,991,529
2015	P	234,402,193	2,264,099,104	10,227,668	86,056,899	17,248,601	93,248,758
	S	260,855,953	2,519,579,044	10,278,526	86,587,129	17,248,602	93,248,758
2016	P	239,916,276	2,305,962,550	9,579,097	85,784,908	18,125,351	100,703,769
	S	291,296,926	2,782,678,012	10,044,928	91,281,260	18,125,353	100,703,769
2017	P	251,349,015	2,410,929,628	9,270,331	84,363,679	16,152,343	89,751,715
	S	306,799,292	2,988,440,935	9,356,997	85,111,568	16,152,343	89,751,715
2018	P	261,692,884	2,518,065,471	9,580,104	85,794,980	18,205,270	101,146,597
	S	320,732,886	3,106,743,494	10,045,935	91,291,332	18,205,270	101,146,597

Source: Mohave County Assessor's Office

Total			Ratio of Total Assessed Value to Total Estimated Actual Value
<u>Net Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Direct Tax Rate</u>	
396,273,423	3,412,731,262	0.0000	11.61%
563,520,118	4,911,764,817	0.0000	
357,153,043	3,207,506,840	0.0000	11.13%
378,900,295	3,450,254,296	0.0000	
292,026,890	2,616,916,357	0.0000	11.16%
297,211,311	2,693,410,876	0.0000	
268,601,173	2,415,582,376	0.0000	11.12%
272,437,747	2,474,225,418	0.0000	
265,512,884	2,435,408,379	0.0000	10.90%
270,997,410	2,502,309,826	0.0000	
260,586,666	2,430,290,188	0.0000	10.72%
264,636,869	2,470,065,923	0.0000	
261,878,462	2,443,404,761	0.0000	10.72%
288,383,081	2,699,414,931	0.0000	
267,620,724	2,492,451,227	0.0000	10.74%
319,467,207	2,974,663,041	0.0000	
276,771,689	2,585,045,022	0.0000	10.71%
332,308,632	3,163,304,218	0.0000	
289,478,258	2,705,007,048	0.0000	10.70%
348,984,091	3,299,181,423	0.0000	

City of Bullhead City, Arizona
Table 11
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental Activities				
Special Assessment Bonds	\$ 4,380	\$ 3,390	\$ 1,885	\$ 975
Revenue Bonds (1)	17,121	15,588	14,575	13,527
Notes Payable	43,840	40,491	32,773	29,603
Capital Leases	651	471	448	225
Total Governmental Activities	<u>68,170</u>	<u>62,281</u>	<u>52,281</u>	<u>46,723</u>
Business-Type Activities				
Revenue Bonds (2)	28,199	35,874	32,192	29,426
Capital Leases	43	4	-	-
Total Business-Type Activities	<u>28,430</u>	<u>36,153</u>	<u>32,516</u>	<u>29,797</u>
Total Primary Government	<u>\$ 96,600</u>	<u>\$ 98,434</u>	<u>\$ 84,797</u>	<u>\$ 76,519</u>
Percentage of Personal Income*	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>
Per Capita*	<u>\$ 2.32</u>	<u>\$ 2.30</u>	<u>\$ 2.14</u>	<u>\$ 1.94</u>

* See the Schedule of Demographic & Economic Statistics for personal income and population data.

(1) Net of related premium

(2) Net of deferred amounts

	2013	2014	2015	2016	2017	2018
\$	-	\$ -	\$ -	\$ -	\$ -	\$ 3,230
	12,433	11,910	10,667	10,732	9,144	7,549
	26,432	23,262	20,092	16,944	14,762	12,580
	116	400	297	158	80	-
	<u>41,434</u>	<u>38,133</u>	<u>51,185</u>	<u>48,741</u>	<u>50,986</u>	<u>23,359</u>
	26,743	29,929	26,850	23,512	20,771	18,104
	-	484	365	247	125	243
	<u>27,014</u>	<u>30,829</u>	<u>27,673</u>	<u>24,249</u>	<u>21,428</u>	<u>18,347</u>
\$	<u>68,448</u>	<u>\$ 68,961</u>	<u>\$ 78,857</u>	<u>\$ 72,990</u>	<u>\$ 72,413</u>	<u>\$ 41,706</u>
	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.00%</u>
\$	<u>1.73</u>	<u>\$ 1.75</u>	<u>\$ 1.97</u>	<u>\$ 1.82</u>	<u>\$ 1.81</u>	<u>\$ 1.04</u>

City of Bullhead City, Arizona
Table 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
State of Arizona	\$ -	0.46%	\$ -
Mohave County	-	15.95%	-
Mohave County Community College District	-	15.95%	-
Bullhead City Fire District	10,345,000	100.00%	10,345,000
Western AZ Vocation Ed District	-	16.08%	-
Colorado River Union High School District No. 2	31,295,000	57.49%	17,991,496
Bullhead City Elementary School District No. 15	-	98.88%	-
Subtotal, overlapping debt	<u>41,640,000</u>		<u>28,336,496</u>
City direct debt	<u>23,359,000</u>	100.00%	<u>23,359,000</u>
Total direct and overlapping debt	<u>\$ 64,999,000</u>		<u>\$ 51,695,496</u>

Source: Stifel, Nicolaus & Company, Incorporated

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Bullhead City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.



City of Bullhead City, Arizona
Table 13
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>20% Limitation (1)</u>				
Debt limit Equal to 20% of Secondary Assessed Valuation	\$ 112,704,024	\$ 75,780,059	\$ 59,442,262	\$ 54,487,549
Total net debt applicable to 20% limit	-	-	-	-
Legal 20% debt margin (Available Borrowing Capacity)	<u>\$ 112,704,024</u>	<u>\$ 75,780,059</u>	<u>\$ 59,442,262</u>	<u>\$ 54,487,549</u>
Total net debt applicable to 20% limit as a percentage of 20% debt limit	0.00%	0.00%	0.00%	0.00%
<u>6% Limitation (2)</u>				
Debt limit Equal to 6% of Secondary Assessed Valuation	\$ 33,811,207	\$ 22,734,018	\$ 17,832,679	\$ 16,346,265
Total net debt applicable to 6% limit	-	-	-	-
Legal 6% debt margin (Available Borrowing Capacity)	<u>\$ 33,811,207</u>	<u>\$ 22,734,018</u>	<u>\$ 17,832,679</u>	<u>\$ 16,346,265</u>
Total net debt applicable to 6% limit as a percentage of 6% debt limit	0.00%	0.00%	0.00%	0.00%

Additional bonds amounting to 20% of the assessed valuation of taxable property can be issued for supplying (1) such services as water, artificial light, sewers and for the acquisition and development of land for open space preserves, parks, playgrounds and recreational facilities.

(2) The Arizona Constitution states that for general municipal purposes a municipality cannot incur a debt exceeding 6% of the assessed valuation of taxable property.

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 54,199,482	\$ 52,927,374	\$ 57,676,616	\$ 63,893,441	\$ 66,461,726	\$ 69,796,818
-	-	-	-	-	-
<u>\$ 54,199,482</u>	<u>\$ 52,927,374</u>	<u>\$ 57,676,616</u>	<u>\$ 63,893,441</u>	<u>\$ 66,461,726</u>	<u>\$ 69,796,818</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 16,259,845	\$ 15,878,212	\$ 17,302,985	\$ 19,168,032	\$ 19,938,518	\$ 20,939,045
-	-	-	-	-	-
<u>\$ 16,259,845</u>	<u>\$ 15,878,212</u>	<u>\$ 17,302,985</u>	<u>\$ 19,168,032</u>	<u>\$ 19,938,518</u>	<u>\$ 20,939,045</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

City of Bullhead City, Arizona
Table 14
Pledged-Revenue Coverage
Last Ten Fiscal Years

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Municipal Property Corporation Bonds				
Excise Taxes	\$ 25,128,801	\$ 23,030,632	\$ 21,902,438	\$ 21,643,307
Debt Service				
Principal	3,380,000	4,195,000	3,625,000	3,755,000
Interest	2,164,327	1,950,705	1,978,823	1,851,323
Coverage	4.53	3.75	3.91	3.86

Includes debt service payments paid out of revenue from the Wastewater Fund.

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

2013	2014	2015	2016	2017	2018
\$ 22,758,705	\$ 24,198,716	\$ 25,398,021	\$ 26,534,754	\$ 27,519,938	\$ 29,104,729
3,885,000	3,110,000	3,195,000	3,670,000	3,719,000	2,287,000
1,713,473	1,587,325	849,382	563,788	512,798	443,248
4.07	5.15	6.28	6.27	6.50	10.66

City of Bullhead City, Arizona
Table 15
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population(1)	Personal Income (in thousands)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2003	35,410	\$ 708,660	20,013	42.2	5,989	4.80%
2004	35,760	745,453	20,846	42.0	5,770	4.50%
2005	37,325	693,722	18,586	42.1	5,658	3.90%
2006	38,210	703,064	18,400	42.3	5,325	4.00%
2007	41,000	753,364	18,375	41.8	6,124	4.00%
2009	41,609	753,833	18,117	46.1	6,014	9.00%
2010	42,705	776,206	18,176	43.8	5,513	10.10%
2011	39,540	821,167	20,768	44.1	5,450	10.10%
2012	39,516	827,939	20,952	46.4	5,354	8.90%
2013	39,495	819,601	20,741	46.8	5,442	8.80%
2014	39,465	843,209	21,366	49.7	4,931	8.20%
2015	39,445	881,896	21,999	50.4	4,726	7.90%
2016	39,970	867,241	20,462	50.0	4,591	7.60%
2017	40,495	901,540	22,263	50.5	4,933	6.00%
2018	40,551	932,592	22,998	50.5	5,079	5.40%

Data Sources:

- 1 population.az.gov website (2008-2016); Arizona Office of Employment & Population Statistics (2017)
- 2 Bullhead City Economic Development Authority & Department Estimates (2008-2011); U.S. Census Bureau (2012-present)
- 3 Bullhead City Economic Development Authority & Department Estimates
- 4 Arizona Department of Education
- 5 Arizona Department of Economic Security; Arizona Workforce; Bureau of Labor Statistics

City of Bullhead City, Arizona
Table 16
Principal Employers
Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment*	Employees	Rank	Percentage of Total City Employment*
Western Arizona Regional Medical Center	685	1	3.54%	575	1	2.66%
Wal-Mart	400	2	2.07%	490	2	2.27%
Bullhead City Elementary School District #15	398	3	2.06%	471	3	2.18%
City of Bullhead City	384	4	1.98%	415	4	1.92%
Colorado River Union High School District	265	5	1.37%	178	5	0.82%
Safeway	160	6	0.83%	81	10	0.38%
Sam's Club	143	7	0.74%	162	7	0.75%
Lowe's	140	8	0.72%			0.00%
DOT Foods	125	9	0.65%			
Home Depot	120	10	0.62%	140	8	0.65%
Silver Ridge Village	120	10	0.62%	175	6	0.81%
Kohl's	115	12	0.59%			
Arizona Pipeline	111	13	0.57%			
News West Publishing	100	14	0.52%	101	9	0.47%
Target	100	14	0.52%			
Smith's Food & Drug #191	80	16	0.41%	65	12	0.30%
Mohave Electric Cooperative	74	17	0.38%	80	11	0.37%
Kmart Discount Department Store	0			52	13	0.24%
Total	3,520		18.18%	2,985		13.82%

Source: Employer

* June 2018 labor force 19,361

** 2009 labor force 21,600

Source: Mohave County Economic Development Web site

City of Bullhead City, Arizona
Table 17
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

<u>Function</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government	119.50	110.60	107.60	99.50
Public Safety	129.50	128.50	127.50	126.50
Highways and Streets	29.00	20.00	20.00	19.00
Culture and Recreation	19.00	17.00	17.00	20.00
Redevelopment and housing	2.00	2.00	2.00	2.00
Wastewater Operations	18.00	18.00	18.00	18.00
	<u>317.00</u>	<u>296.10</u>	<u>292.10</u>	<u>285.00</u>

Source: City of Bullhead City Finance Department.

2013	2014	2015	2016	2017	2018
99.50	100.50	101.50	100.90	104.50	105.50
125.50	125.50	124.50	124.50	117.50	118.00
19.00	19.00	19.00	19.00	19.00	19.00
17.00	18.00	19.00	20.00	22.00	21.00
1.00	1.00	1.00	1.00	1.00	1.00
18.00	19.00	20.00	20.00	20.00	20.00
280.00	283.00	285.00	285.40	284.00	284.50

City of Bullhead City, Arizona
Table 18
Operating Indicators by Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012
Police				
Number of Sworn Officers	83	83	83	83
Number of Events Responded To	45,859	44,155	44,891	42,049
Number of Criminal Arrests	3,065	2,691	2,827	2,376
Number of Traffic Citations	5,227	5,374	5,328	4,431
Financial Services				
Accounts Payable Checks Issued	6,576	6,278	6,381	6,233
Accounts Payable EFTs Issued	2,530	3,053	2,706	2,320
Purchase Orders Issued	3,291	3,214	3,914	3,538
Payroll Checks/Direct Deposits Issued ¹	10,302	-	4,606	10,407
Customer Contacts (Utilities, Assessments & Licensing)	69,363	58,337	61,842	62,460
Number of Utility Bills mailed	219,815	221,489	222,141	222,791
Number of Cashier Transactions	178,308	179,046	180,255	181,455
Transit				
Total Transit Ridership	181,212	161,649	139,255	160,055
Miles Driven	300,629	259,060	278,380	281,274
Wastewater Operations				
Number of Service Connections	18,317	18,557	18,582	18,595
Sewage Treated (million gallons per day)	2.40	2.39	2.39	3.06
General				
Building Permits Issued	1,241	1,196	911	924
Building Inspections Conducted	11,552	8,157	5,808	5,686
Plan Reviews (Hours) ²	1,552	1,101	870	926

Source: City of Bullhead City departments.

1 - Payroll checks were created and issued by ADP between May 2009 and December 2010.

2 - Plan Review Hours are no longer tracked by the Public Works Department

2013	2014	2015	2016	2017	2018
83	82	82	82	76	71
41,043	39,667	39,247	36,271	45,312	48,407
2,428	2,727	2,652	2,513	1,988	2,408
4,459	3,486	5,094	4,421	5,612	4,298
5,645	5,718	6,038	5,810	5,886	5,997
1,781	3,022	3,291	3,534	3,100	2,221
3,264	3,108	3,220	3,177	3,273	3,271
10,106	10,248	10,351	10,470	10,885	10,925
63,085	62,833	62,598	62,125	60,725	62,846
223,276	223,536	223,572	223,704	224,376	229,224
190,736	183,278	174,041	168,386	157,440	159,056
163,321	171,958	181,470	180,776	179,300	171,034
267,105	258,581	289,408	272,401	293,300	290,937
18,614	18,700	18,779	18,642	18,687	19,102
3.03	2.80	2.99	3.20	3.27	3.42
901	1,184	1,480	1,484	1,506	1,447
5,266	7,394	8,669	9,704	10,850	9,254
885	**	**	**	**	**

City of Bullhead City, Arizona
Table 19
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2009	2010	2011	2012
<u>Public Safety</u>				
Police Stations	1	1	1	1
Police Vehicles	77	77	77	77
<u>Highways and Streets</u>				
Equivalent 12' Wide Lane Miles	321	321	321	321
Streetlights	2,959	2,959	2,959	2,959
Traffic Signals	9	9	9	9
<u>Culture and Recreation</u>				
Parks*	5	5	5	5
Parks Acreage*	286	286	286	286
Swimming Pools	1	1	1	1
Community Centers	1	1	1	1

Source: City of Bullhead City departments.

* Includes undeveloped parks/acreage

2013	2014	2015	2016	2017	2018
1 77	1 77	1 71	1 72	1 67	1 74
321	321	321	321	700	706
2,984 9	2,984 9	2,984 9	2,984 9	2,984 10	3105 10
7 793 1 1	7 793 1 1	7 793 1 1	7 793 1 1	7 710 1 1	8 1008 1 1

City of Bullhead City, Arizona
Table 20
City Transaction Privilege (Sales) Tax Collections by Industry Classification
Continuing Disclosure Compliance
SEC Rule 15c2-12

<u>Category</u>	<u>2018</u>	<u>% of Total</u>
Retail Trade	\$ 8,060,114	60%
Communication & Utilities	1,333,686	10%
Restaurant & Bar	1,369,196	10%
Real Estate, Rental & Leasing	833,237	6%
Construction	971,491	7%
Use Tax	715,461	5%
Other	118,741	1%
Publication	22,156	0%
Accommodation	80,220	1%
 Total	 <u>\$ 13,504,303</u>	 <u>100%</u>



City of Bullhead City, Arizona
Table 21
Excise Tax Collections
Continuing Disclosure Compliance
SEC Rule 15c2-12

	2009	2010	2011	2012
City Sales Tax	\$ 10,651,241	\$ 10,070,859	\$ 10,262,368	\$ 10,163,746
Franchise Tax	543,299	540,128	538,575	620,742
Bed Tax	67,994	75,008	73,122	74,565
License & Permit Fees	679,204	483,362	395,454	460,681
State Sales Tax	3,000,198	2,798,497	2,951,963	3,102,234
State Income Tax	5,715,646	4,933,312	3,719,085	3,337,205
Auto Lieu Tax	2,012,241	1,886,875	1,872,459	1,849,936
Grant			-	1,424
Charges for Services	1,320,627	1,287,735	1,381,019	1,043,171
Fines & Forfeitures	750,856	688,236	552,407	840,522
Miscellaneous	327,030	267,111	155,994	120,343
Total	\$ 25,068,336	\$ 23,031,123	\$ 21,902,446	\$ 21,614,569

2013	2014	2015	2016	2017	2018
\$ 10,298,558	\$ 10,820,754	\$ 11,283,690	\$ 12,077,531	\$ 12,791,595	\$ 13,504,303
658,933	677,342	686,850	706,887	733,892	739,185
70,694	70,717	34,423	74,792	75,076	74,450
469,137	569,845	654,066	634,701	616,791	723,505
3,246,195	3,447,161	3,628,735	3,728,320	3,614,505	3,841,727
4,038,926	4,407,235	4,786,562	4,760,611	4,825,811	4,950,665
1,831,829	1,901,827	2,018,654	2,157,406	2,295,131	2,530,005
9,432	16,119	3,881	-	-	-
942,237	1,108,194	1,073,402	1,089,669	1,122,815	1,514,739
911,330	943,681	1,032,101	1,030,481	1,057,371	868,108
261,908	235,841	195,657	274,356	386,951	358,042
<u>\$ 22,739,179</u>	<u>\$ 24,198,716</u>	<u>\$ 25,398,021</u>	<u>\$ 26,534,754</u>	<u>\$ 27,519,938</u>	<u>\$ 29,104,729</u>

City of Bullhead City, Arizona
Table 22
Real and Secured Property Taxes Levied and Collected (a)
Mohave County, Arizona
Continuing Disclosure Compliance

Fiscal Year	Adopted County Tax Levy	Amount	% of Levy	Amount	% of Levy
2018/19	\$ 49,078,097	(b)	(b)	\$ 25,637,903	52.24%
2017/18	47,076,774	\$ 45,407,716	96.45%	46,235,680	98.21%
2016/17	44,874,743	43,059,220	95.95%	44,625,611	99.44%
2015/16	44,159,991	42,194,482	95.55%	43,915,478	99.45%
2014/15	43,881,843	41,825,230	95.31%	43,660,577	99.50%
2013/14	45,481,685	42,925,077	94.38%	45,224,136	99.43%
2012/13	46,113,418	44,492,562	96.49%	45,847,300	99.42%

(a) Taxes are collected by the Treasurer of the County. Taxes in support of debt

(b) 2018/19 taxes are in course of collection:
 First installment due 10-1-18; delinquent 11-1-18
 Second installment due 03-01-19; delinquent 05-01-19

Compliance Section



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

To the Honorable Mayor and City Council
City of Bullhead City, Arizona

We have audited, in accordance with the 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 Bullhead City, Arizona, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Bullhead City, Arizona's basic financial statements, and have issued our report thereon dated December 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bullhead City, 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 Bullhead City, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bullhead City, Arizona's internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bullhead City, Arizona's financial statements are free from 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*.

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.

Henry + Horne LLP

Casa Grande, Arizona
December 13, 2018



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

To the Honorable Mayor and City Council
City of Bullhead City, Arizona

Report on Compliance for Each Major Federal Program

We have audited the City of Bullhead City, Arizona's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Bullhead City, Arizona's major federal programs for the year ended June 30, 2018. City of Bullhead City, Arizona's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Bullhead City, 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Bullhead City, 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 Bullhead City, Arizona's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Bullhead City, 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, 2018.

Report on Internal Control over Compliance

Management of the City of Bullhead City, 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 Bullhead City, 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 the Uniform Guidance, 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 Bullhead City, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Henry + Horne LLP

Casa Grande, Arizona
December 13, 2018

CITY OF BULLHEAD CITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Justice:			
Direct programs:			
2016 Bulletproof Vest Program	16.607	2016BUBX16083794	\$ 8,346
2017 Bulletproof Vest Program	16.607		2,915
Subtotal			<u>11,261</u>
Pass-through programs from:			
State of Arizona Public Safety			
2017 Crime Victim Assistance	16.575	2015-329	18,552
2018 Crime Victim Assistance	16.575	2018-255	66,115
Subtotal			<u>84,667</u>
Total U.S. Department of Justice			<u>95,928</u>
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
State of Arizona Department of Commerce			
2016 Home Investment Partnerships Program	14.239	300-17	<u>166,782</u>
U.S. Department of Transportation			
Pass-through programs from:			
State of Arizona Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	2018-PTS-007	<u>15,038</u>
Pass-through programs from:			
State of Arizona Department of Transportation			
2016 Formula Grants for Rural Areas	20.509	GRT-16-0005993-T	564,576 *
Highway Planning and Construction	20.205	GRT-16-0005993-T	<u>186,030</u>
Total U.S. Department of Transportation			<u>765,644</u>
U.S. Department of Health & Human Services			
Pass-through programs from:			
Western Arizona Council of Governments			
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	E860494205-401-01-17	125,537
Social Services Block Grant	93.667	E860494205-401-01-17	<u>11,327</u>
Total U.S. Department of Health & Human Services			<u>136,864</u>
U.S. Department of Interior			
Direct programs:			
Colorado River Basin Salinity Control Program	15.509	15-XX-30-W0587	<u>243,928</u>
Total Expenditures of Federal Awards			<u>\$ 1,409,146</u>

*denotes major program

CITY OF BULLHEAD CITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Bullhead City under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of City of Bullhead City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Bullhead City.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- B) The City of Bullhead City has elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

CITY OF BULLHEAD CITY, ARIZONA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2018

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

___ yes X no
 ___ yes X none reported

Noncompliance material to financial statements noted?

___ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?

___ yes X no
 ___ yes X none reported

Type of auditors' report issued on compliance for each major program listed below:

Formula Grants for Rural Areas

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

___ yes X no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
20.509	Formula Grants for Rural Areas

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

___ yes X no

CITY OF BULLHEAD CITY, ARIZONA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

None noted.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None noted.