

# **City of Bullhead, Arizona**

Annual Expenditure Limitation Report

Year Ended June 30, 2023

CITY OF BULLHEAD CITY  
ANNUAL EXPENDITURE LIMITATION REPORT  
Year Ended June 30, 2023

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## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of City of Bullhead City, Arizona for the year ended June 30, 2023, and the related notes to the report. The City's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

*Baker Tilly US, LLP*

Tempe, Arizona  
March 5, 2024

CITY OF BULLHEAD, ARIZONA  
 ANNUAL EXPENDITURE LIMITATION REPORT – PART I  
 Year Ended June 30, 2023

<u>1.</u> Economic Estimates Commission expenditure limitation	\$	<u>55,256,384</u>	
<u>2.</u> Voter-approved alternative expenditure limitation		<u>-</u>	
<u>3.</u> Enter applicable amount from line 1 or line 2			\$ <u>55,256,384</u>
<u>4.</u> Amount subject to the expenditure limitation (total amount from Part II, line C)	\$	<u>55,113,980</u>	
<u>5.</u> Board-authorized expenditures necessitated by a disaster the Governor declared	-	<u>-</u>	
<u>6.</u> Board-authorized expenditures necessitated by a disaster the Governor did not declare	-	<u>-</u>	
<u>7.</u> Prior-year, voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year	-	<u>-</u>	
<u>8.</u> Subtotal			\$ <u>55,113,980</u>
<u>9.</u> Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster the Governor did not declare and the voters did not approve	+	<u>-</u>	
<u>10.</u> Total adjusted amount subject to the expenditure limitation			\$ <u>55,113,980</u>
<u>11.</u> Amount under (in excess of) the expenditure limitation			\$ <u><u>142,404</u></u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the Uniform Expenditure Reporting System.

Signature of Chief Financial Officer: Robert Drexler

Name and title: Robert Drexler, Finance Director

Telephone number: (928) 763-9400

Date: 3/5/24

CITY OF BULLHEAD, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – PART II  
Year Ended June 30, 2023

Description	Governmental funds	Enterprise funds	Internal service funds	Total
<u>A.</u> Amounts reported on the Reconciliation, line D	\$ 59,022,227	\$ 26,826,535	\$ 7,621,146	\$ 93,469,908
<u>B.</u> Less exclusions claimed:				
<u>1.</u> Debt proceeds (SBITA Issuance)	288,677	-	-	288,677
<u>2.</u> Debt service requirements (Note 2)	2,750,250	8,405,063	-	11,155,313
<u>3.</u> Dividends, interest, and gains on the sale or redemption of investment securities	1,482,418	321,624	49,645	1,853,687
<u>4.</u> Trustee or custodian	-	-	-	-
<u>5.</u> Grants and aid from the federal government (Note 3)	7,880,311	-	-	7,880,311
<u>6.</u> Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 3)	343,000	-	-	343,000
<u>7.</u> Amounts received from the State of Arizona (Note 3)	844,870	-	-	844,870
<u>8.</u> Quasi-external interfund transactions (Note 4)	-	279,678	7,332,189	7,611,867
<u>9.</u> Voter-approved amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
<u>10.</u> Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	4,633,792	-	-	4,633,792
<u>11.</u> Contracts with other political subdivisions (Note 6)	1,929,034	-	-	1,929,034
<u>12.</u> Refunds, reimbursements, and other recoveries (Note 4)	-	-	146,961	146,961
<u>13.</u> Voter-approved exclusions not identified above	-	-	-	-
<u>14.</u> Prior years carryforward (Notes 5 and 8)	-	1,668,416	-	1,668,416
<u>15.</u> Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07	-	-	-	-
<u>16.</u> Total exclusions claimed	20,152,352	10,674,781	7,528,795	38,355,928
<u>C.</u> Amounts subject to the expenditure limitation	\$ 38,869,875	\$ 16,151,754	\$ 92,351	\$ 55,113,980

See accompanying notes.

CITY OF BULLHEAD, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT – RECONCILIATION  
Year Ended June 30, 2023

Description	Governmental funds	Enterprise funds	Internal service funds	Total
<u>A.</u> Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 60,168,546	\$ 25,406,160	\$ 7,621,146	\$ 93,195,852
<u>B.</u> Subtractions:				
<u>1.</u> Items not requiring use of current financial resources:				
<u>a.</u> Depreciation	-	7,237,623	-	7,237,623
<u>b.</u> Loss on disposal of capital assets	-	1,066,528	-	1,066,528
<u>c.</u> Bad debt expense	-	1,019,288	-	1,019,288
<u>d.</u> Pension and other postemployment benefits (OPEB) expense	-	-	-	-
<u>e.</u> Claims incurred but not reported (IBNR)	-	-	-	-
<u>f.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-	-
<u>2.</u> Expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)	186,591	-	-	186,591
<u>3.</u> Required fees paid to the Industrial Commission of Arizona	108,680	-	-	108,680
<u>4.</u> Present value of net minimum lease, financed purchase, and subscription-based information technology arrangement (SBITA) contract payments recorded as expenditures at the agreements' inception	851,048	-	-	851,048
<u>5.</u> Involuntary court judgments	-	-	-	-
<u>6.</u> Total subtractions	<u>1,146,319</u>	<u>9,323,439</u>	<u>-</u>	<u>10,469,758</u>
<u>C.</u> Additions:				
<u>1.</u> Principal payments on long-term debt	-	5,170,995	-	5,170,995
<u>2.</u> Capital asset acquisitions	-	5,572,819	-	5,572,819
<u>3.</u> Amounts paid in the current year but reported as expenses in previous years:				
<u>a.</u> Claims previously recognized as IBNR	-	-	-	-
<u>b.</u> Landfill closure and postclosure care costs and pollution remediation	-	-	-	-
<u>4.</u> Pension and OPEB contributions paid in the current year	-	-	-	-
<u>5.</u> Transfers to separate legal entities	-	-	-	-
<u>6.</u> Total additions	<u>-</u>	<u>10,743,814</u>	<u>-</u>	<u>10,743,814</u>
<u>D.</u> Amounts reported on Part II, line A	<u>\$ 59,022,227</u>	<u>\$ 26,826,535</u>	<u>\$ 7,621,146</u>	<u>\$ 93,469,908</u>

See accompanying notes.

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
 Year Ended June 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07. The AELR excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20, from the total expenditure, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS, a note to the AELR is presented below for any exclusion claimed on part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund financial statements. All references to financial statement amounts in the following notes refer to the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds, Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds, and the Statement of Cash Flows for the Proprietary Funds.

NOTE 2 DEBT SERVICE REQUIREMENTS ON OTHER LONG-TERM OBLIGATIONS

The exclusions claimed for debt service requirements on bonded indebtedness, less lease and SBITA debt service, consists of principal retirement and interest expenditures:

	<u>Governmental</u>	<u>Enterprise</u>
Principal paid (ACFR Note 7 and Cash Flow Statement)	\$ 2,657,552	\$ 5,170,995
Less: Lease and SBITA principal	(177,251)	-
Interest expenditures/expense	407,875	3,234,068
Less: Lease and SBITA interest	(21,111)	-
Less: Interest recognized in Note 7	<u>(116,815)</u>	<u>-</u>
Total Reported in Part II line 2	<u>\$ 2,750,250</u>	<u>\$ 8,405,063</u>

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
 Year Ended June 30, 2023

NOTE 3 INTERGOVERNMENTAL REVENUE

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

Description	Governmental	Enterprise
Grants and aid from the federal government	\$ 7,880,311	\$ -
Amounts received from the State of Arizona	844,870	-
Amounts received from the County	1,209,022	-
Amounts received from a Private Agency	343,000	-
Highway user revenues in excess of those received in fiscal year 1979-1980	4,633,792	-
Other revenues - (nonexcludable)	17,742,960	102,792
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 32,653,955</u>	<u>\$ 102,792</u>

NOTE 4 QUASI EXTERNAL INTERFUND TRANSACTIONS

The exclusions claimed of \$7,332,189 for charges for services paid to the Internal Service Funds consists of charges for services to the governmental funds during the year. The exclusion claimed of \$264,271 for payments made to the enterprise funds for water and wastewater services from the governmental funds can be found below. The exclusion claimed of \$15,407 for payments to the enterprise funds for water and wastewater services from the internal service funds can be found below.

	Enterprise	Internal Service
Excludable expenses/expenditures made to / revenues received from:		
Governmental Funds	\$ 264,271	\$ 7,332,189
Internal Service Funds	15,407	-
	<u>\$ 279,678</u>	<u>\$ 7,332,189</u>

Additionally, \$146,961 in exclusions are being claimed for insurance reimbursements in the risk management internal service fund miscellaneous revenues on the annual comprehensive financial report.



CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
 Year Ended June 30, 2023

NOTE 5 HIGHWAY USER REVENUE

The exclusion of \$4,633,792 of the Governmental Funds for highway user revenue in excess of the amount received in fiscal year 1979-1980, can be found in the table below:

<b>HURF revenues in excess of those received in FY 1980</b>	
Prior year carryforward balance	\$ 533,670
Excludable revenues received in current year	4,633,792
Highway user revenue received in fiscal year 1979-1980	-
Excludable revenues expended in current year	(4,633,792)
Prior year carryforward balance expended in current year	-
Ending carryforward balance	<u>\$ 533,670</u>

NOTE 6 CONTRACTS WITH OTHER POLITICAL SUBDIVISIONS

The \$1,929,034 exclusion claimed for contracts with other political subdivisions in the Governmental Funds consists of \$133,409 of expenditures in the general fund for prisoner operations, \$160,000 expended in the Other Nonmajor Funds for the Mohave County Abatement, and \$1,635,625 expended in the Other Nonmajor Funds for flood control operations.

NOTE 7 EXPENDITURES OF SEPARATE LEGAL ENTITIES

The subtraction of \$186,591 for expenditures of separate legal entities established under Arizona Revised Statutes consists of \$107,013 of interest expenditures for the Laughlin Ranch Boulevard Special Assessment District found in the interest and fiscal charges of the Debt Service fund, \$69,776 in expenditures for the Street Light Improvement District Fund and \$9,802 of interest paid by the MPC for Governmental Funds.

NOTE 8 CARRYFORWARD DEBT PROCEEDS

A carryforward balance of \$1,668,416 has been claimed for excludable capital assets paid in the Water fund from amounts received in prior years from the issuance of bonds in the city's name. The prior year bond obligation has a maturity date of more than 1 year and was voter approved to be incurred for the specific purpose of purchasing and improving all the assets of the newly acquired water system. A summary of the unspent bond proceed carryforward balance is shown in the table below:

Debt proceeds issued in FY 2022 ACFR (Cash Flow Statement)	\$ 110,031,772
Less: Proceeds claimed on FY 2022 AELR (Line 1 Part II)	<u>(108,005,000)</u>
Prior year carryforward balance	2,026,772
Excludable revenues received in current year (SBITA Issuance)	288,677
Excludable revenues expended in current year (SBITA Issuance)	(288,677)
Prior year carryforward balance expended in current year	-
Amount spent on capital infrastructure (Cash Flow Statement Water Fund)	<u>(1,668,416)</u>
Ending carryforward balance	<u><u>\$ 358,356</u></u>