

# **CITY OF BULLHEAD CITY, ARIZONA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**CITY OF BULLHEAD CITY, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



**Prepared by the Finance Department**

**Rudy Vera, Finance Director**



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# Introductory Section

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**CITY OF BULLHEAD CITY**  
**FINANCE DEPARTMENT**  
2355 Marina Boulevard  
Bullhead City, AZ 86442  
(928) 763-9400 TDD (928) 763-9400

December 6, 2016

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, 2016 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, 2016 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.

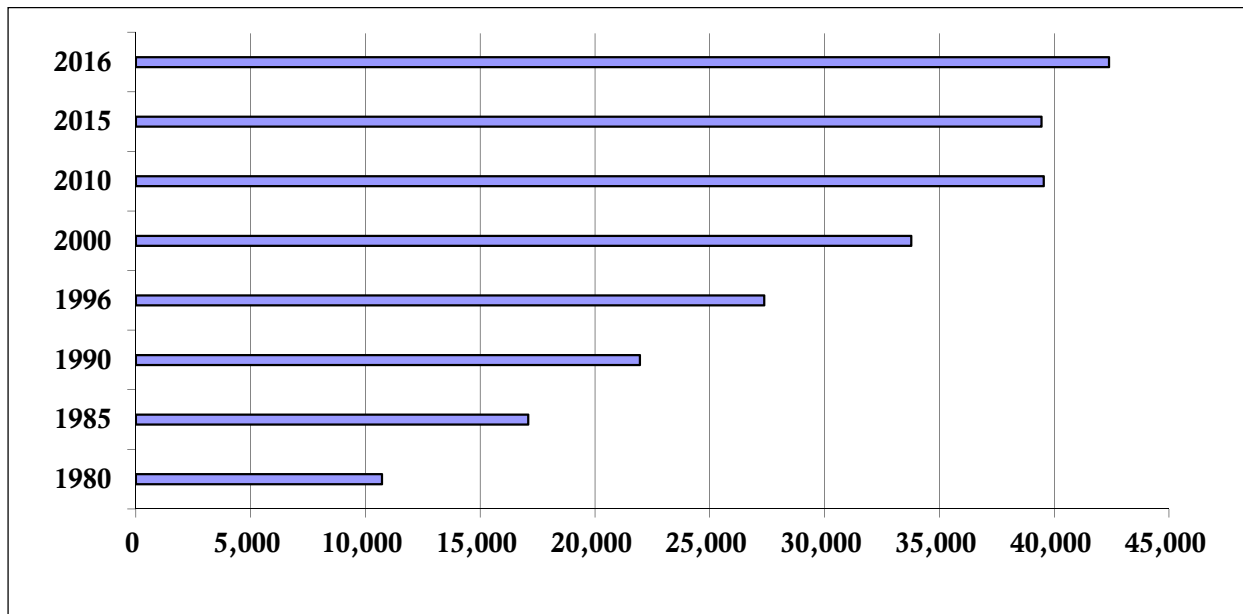
The early human settlement of the Bullhead City area began with the Mojave Indians and then transitioned to the American soldiers who inhabited Fort Mohave in the 1850-60's.

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.

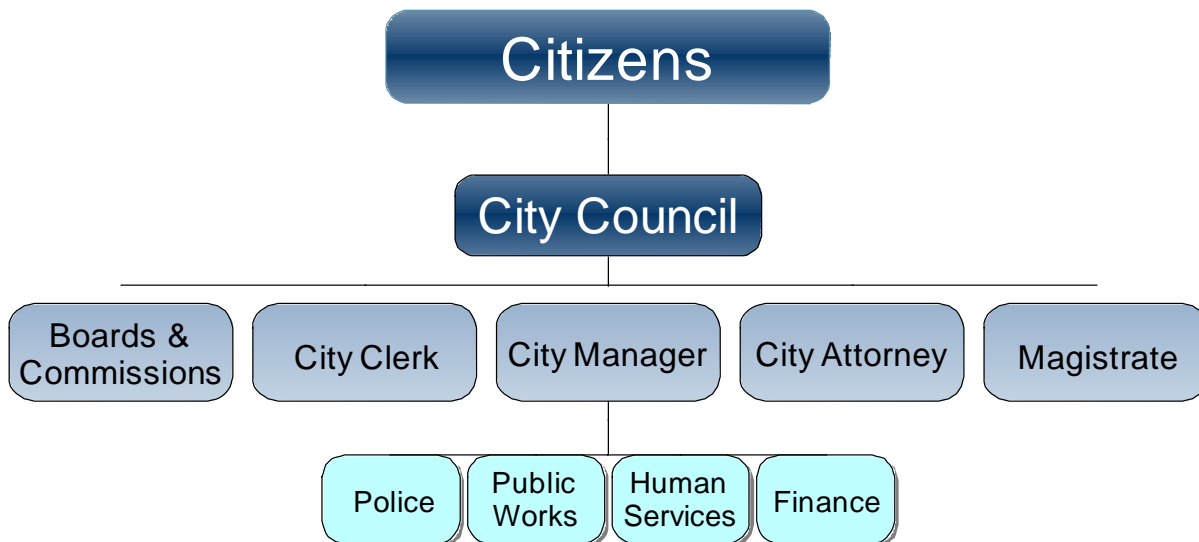
Bullhead City was incorporated in August 1984. Since then, it has operated under a Council/Manager form of government with a seven-member City Council.

The population of Bullhead City has slowed in its growth. The following graph illustrates the population growth from 1980 and projected until 2016.

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
2016 Projection	42,383



## 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. 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 biggest event is the annual River Regatta. Although it started out small in August 2007, with only 583 participants, it has grown to more than 30,000 participants in ten years. The estimated economic impact on the local economy in regards to the 2016 River Regatta was \$23 million.

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 and Canada, and the Dave Kops Tournament of Champions, which attracts some of the top high school softball teams from throughout the country.

There are ten 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 62%. 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.

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.

The City's sales tax revenues increased 7% over last year. Revenue from the retail business class has increased by 7%, and the construction category has decreased by 8%.

The total number of building permits for FY 15 increased by 0.3% compared to the prior year. Permits issued for single family residences increased by 6.3% over the prior year, with new homes being built in subdivisions such as Fox Creek.

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.

## **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 \$10,286,647 invested at June 30, 2016. The average yield for fiscal year 2016 was 0.27%. 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.

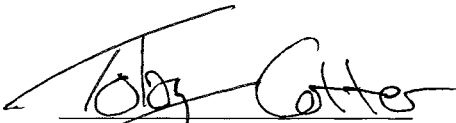
## ACKNOWLEDGMENTS

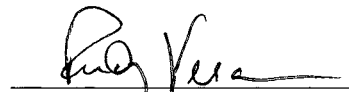
The preparation of this report could not be accomplished without the dedicated efforts of the Finance Department staff. Appreciation is particularly expressed to Bob Howell, Loretta Kearns, Kim Plough, and Janet Cook for their contributions to the monthly and annual maintenance of the information contained in this report.

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, 2015**

Executive Director/CEO

# CITY OF BULLHEAD CITY, ARIZONA



## LIST OF PRINCIPAL OFFICIALS

### **City Council**

Tom Brady, Mayor

Sheila Shutts, Vice Mayor

Mark Clark, Council Member

Steve D'Amico, Council Member

Jerry Duval, Council Member

Mickey McClure, Council Member

Tami Ring, Council Member

### **City Manager**

Toby Cotter

### **Finance Director**

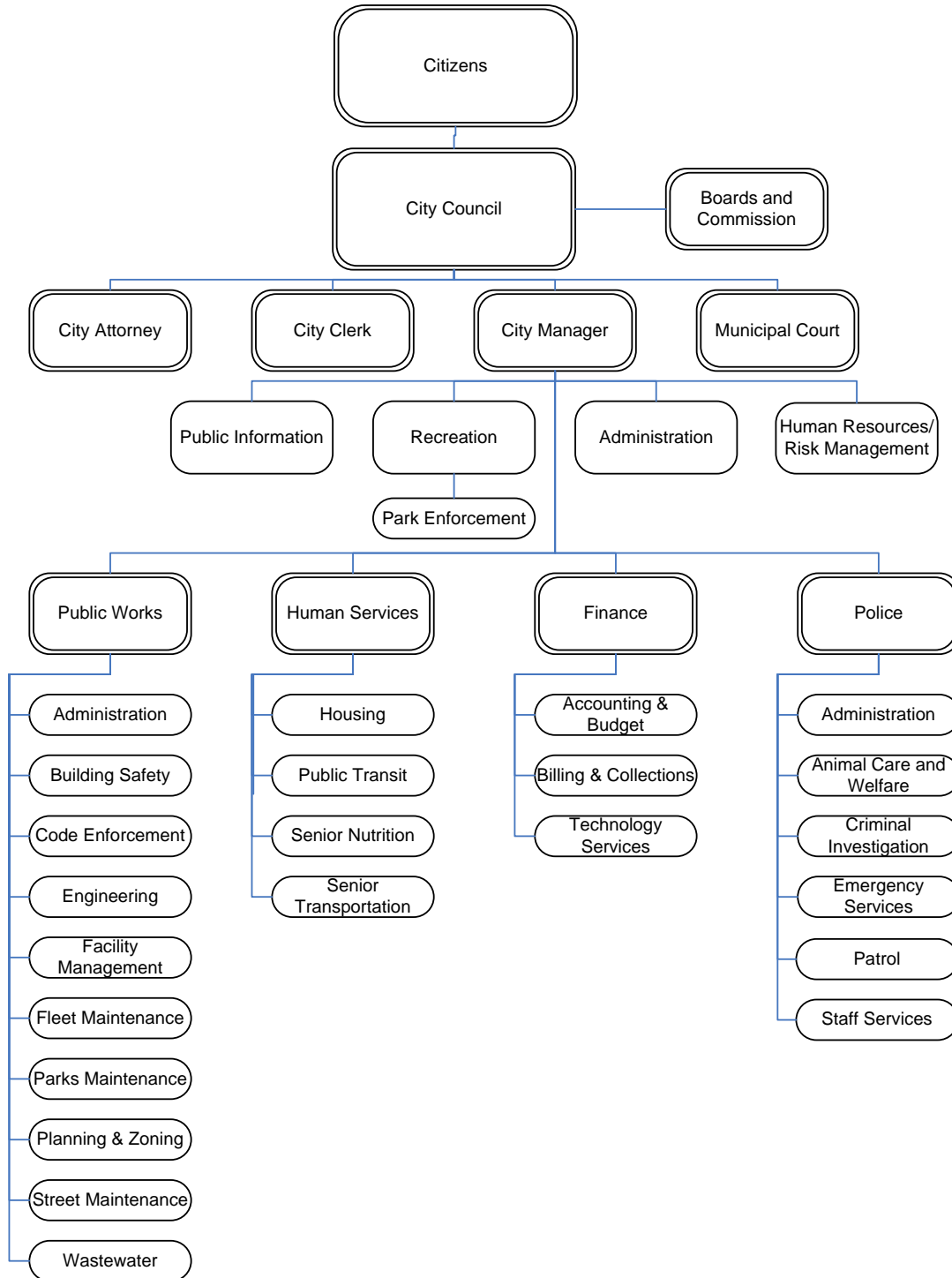
Rudy Vera



# INTRODUCTION

## ORGANIZATIONAL CHART

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# Financial Section

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HENRY & HORNE, LLP  
Certified Public Accountants

## 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, 2016, 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.

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**Casa Grande**  
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Fax (520) 426-9432

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund 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



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, the Board of Supervisors, 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 6, 2016 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 6, 2016



# Financial Section

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## MANAGEMENT'S DISCUSSION & ANALYSIS

(Required Supplementary Information)



**CITY OF BULLHEAD CITY, ARIZONA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2016

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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, 2016. 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 2016 by \$131,522,449 (net position). Of this amount, \$8,164,647 represents unrestricted net position, which may be used to meet ongoing obligations to citizens and creditors.
- Bullhead City's total net position decreased in fiscal year 2016 \$5,298,394 or 4%. This decrease is primarily due to the reduction on value of city capital assets.
- At the end of fiscal year 2016, Bullhead City's governmental funds reported combined fund balances of 14,134,582, an increase of \$1,966,886 in comparison to the prior fiscal year. Approximately 55% of this amount (\$7,836,141) is available for spending at the city's discretion (unassigned fund balance).
- At the end of fiscal year 2016, unassigned fund balance for the General Fund is \$9,568,305 or 42% of total general fund expenditures.
- Bullhead City's total outstanding long-term liabilities decreased by \$5,867,442 during fiscal year 2016.

**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 \$131,522,449 at the close of fiscal year 2016.

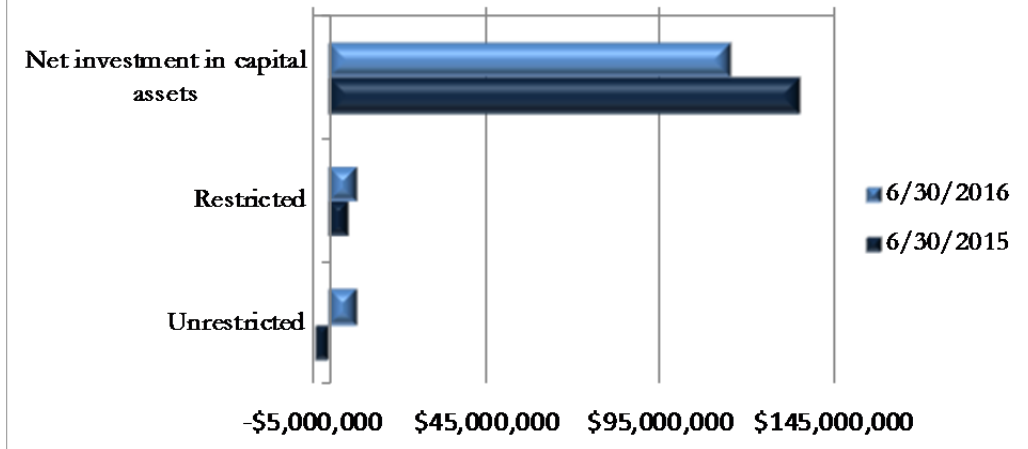
### City of Bullhead City, Arizona Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Current and other assets	\$ 34,351,323	\$ 36,542,046	\$ 5,521,862	\$ 10,223,671	\$ 39,873,185	\$ 46,765,717
Capital assets	50,684,679	55,820,526	115,152,198	114,954,383	\$ 165,836,877	\$ 170,774,909
Total assets	85,036,002	92,362,572	120,674,060	125,178,054	205,710,062	217,540,626
Total Deferred outflows of resources	4,323,824	4,188,519	607,627	669,551	4,931,451	4,858,070
Other liabilities	3,024,788	3,465,403	1,471,866	1,989,966	4,496,654	5,455,369
Long-term liabilities	48,739,885	51,183,571	24,249,977	27,673,733	72,989,862	78,857,304
Total liabilities	51,764,673	54,648,974	25,721,843	29,663,699	77,486,516	84,312,673
Total deferred inflows of resources	1,632,548	1,265,180	-	-	1,632,548	1,265,180
Net position:						
Net investment in capital assets	23,202,655	44,856,799	92,000,754	90,081,045	115,203,409	134,937,844
Restricted	5,044,596	5,347,481	3,109,797	-	8,154,393	5,347,481
Unrestricted	7,715,354	(9,567,343)	449,293	6,102,861	8,164,647	(3,464,482)
Total net position	\$ 35,962,605	\$ 40,636,937	\$ 95,559,844	\$ 96,183,906	\$ 131,522,449	\$ 136,820,843

Net position of the City represent the difference between the City's resources and its obligations. As of June 30, 2016, the largest portion of the City's total net position approximately 87.6% 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 (6.2%) represents amounts that are to be used in accordance with external restrictions. The remaining balance of \$8,164,647 is unrestricted and may be used to meet the City's ongoing obligations to residents and creditors.

## City of Bullhead City Net Position June 30, 2015 and 2016



The City's overall net position decreased \$5,298,394 from the prior fiscal year. The following sections will discuss the reasons for the decrease.

### **Governmental Activities**

The City restated fiscal year 2016 beginning net position for governmental funds incorrect number of payments accrued. More information on these adjustments can be found on Note 10 of this report.

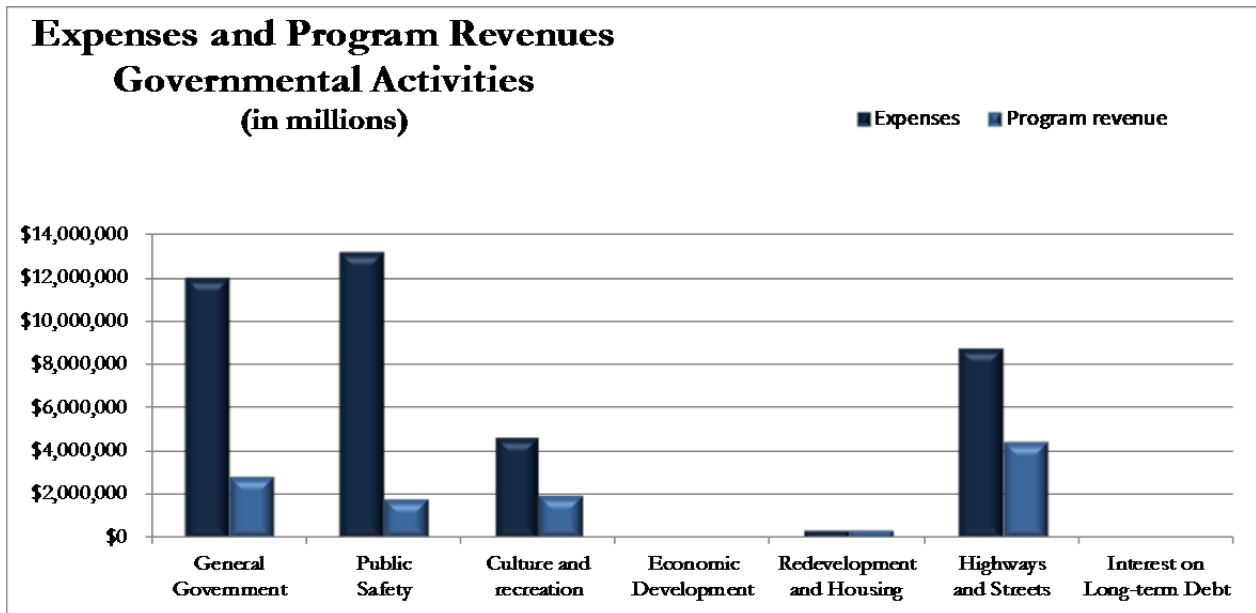
Bullhead City's net position for governmental activities decreased \$3,896,857 from the prior fiscal year to an ending balance of \$35,962,605.

The decrease of the overall net position of governmental activities can be attributed to the change in the increase in net pension liability \$666,607 and decrease in value of capital assets \$5,135,847.



**City of Bullhead City, Arizona**  
**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015
Revenues:						
Program revenues:						
Charges for services	\$ 5,679,836	\$ 4,488,521	\$ 9,123,434	\$ 9,132,850	\$ 14,803,270	\$ 13,621,371
Operating grants and contributions	5,790,316	5,790,928	140,000		5,930,316	5,790,928
Capital grants and contributions	523,926	1,086,333	-	172,135	523,926	1,258,468
General revenues:						
City sales tax	12,152,323	11,318,112			12,152,323	11,318,112
State shared sales tax	3,728,320	3,628,735			3,728,320	3,628,735
Urban revenue sharing	4,760,611	4,786,562			4,760,611	4,786,562
Franchise tax	706,887	686,851			706,887	686,851
State shared vehicle license tax	2,157,406	2,018,654			2,157,406	2,018,654
Investment earnings	13,443	10,624	39,570	42,690	53,013	53,314
Gain (loss) on disposition of capital assets	-	2,996	-	(12,497)	-	(9,501)
Total revenues	<u>35,513,068</u>	<u>33,818,316</u>	<u>9,303,004</u>	<u>9,335,178</u>	<u>44,816,072</u>	<u>43,153,494</u>
Expenses:						
Government activities:						
General government	10,196,414	10,198,314			10,196,414	10,198,314
Public safety	12,565,419	13,943,720			12,565,419	13,943,720
Culture and recreation	4,360,839	4,518,662			4,360,839	4,518,662
Economic development	79,195	124,095			79,195	124,095
Redevelopment and housing	421,494	417,497			421,494	417,497
Highways and streets	9,873,739	8,840,823			9,873,739	8,840,823
Health and welfare	919,396				919,396	
Interest on long-term debt	782,092	946,293			782,092	946,293
Business-type activities						
Water			11,334	28,588	11,334	28,588
Wastewater			10,127,069	9,798,847	10,127,069	9,798,847
Total expenses	<u>39,198,588</u>	<u>38,989,404</u>	<u>10,138,403</u>	<u>9,827,435</u>	<u>49,336,991</u>	<u>48,816,839</u>
Change in net position before transfers	(3,685,520)	(5,171,088)	(835,399)	(492,257)	(4,520,919)	(5,663,345)
Transfers in (out)	(211,337)	(217,456)	211,337	217,456	-	-
Change in net position	<u>(3,896,857)</u>	<u>(5,388,544)</u>	<u>(624,062)</u>	<u>(274,801)</u>	<u>(4,520,919)</u>	<u>(5,663,345)</u>
Net position - beginning, as restated	<u>39,859,462</u>	<u>46,025,481</u>	<u>96,183,906</u>	<u>96,458,707</u>	<u>136,043,368</u>	<u>142,484,188</u>
Net position - ending	<u>\$ 35,962,605</u>	<u>\$ 40,636,937</u>	<u>\$ 95,559,844</u>	<u>\$ 96,183,906</u>	<u>\$ 131,522,449</u>	<u>\$ 136,820,843</u>



### **Business-type Activities**

Bullhead City’s business-type activities for fiscal year 2016 show that the overall net position decreased to an ending balance of \$95,559,844. The total decrease in net position for business-type activities was \$624,062 or 0.6% from the prior fiscal year.

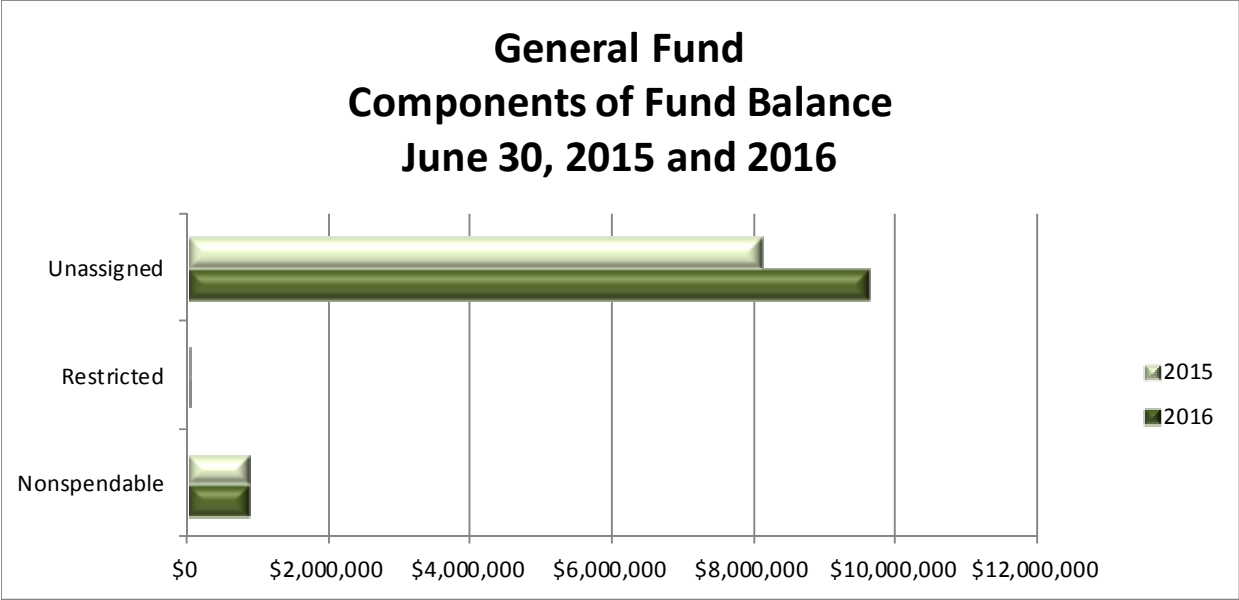
Revenue from business-type activities totaled \$9,303,004 compared to \$9,335,178 in FY 2015. This is a decrease of 0.3% or (\$32,174) from the prior fiscal year. Wastewater customer accounts billed in June 2015 were 18,631 and in June 2016 there were 18,642 customer accounts billed.

### **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.

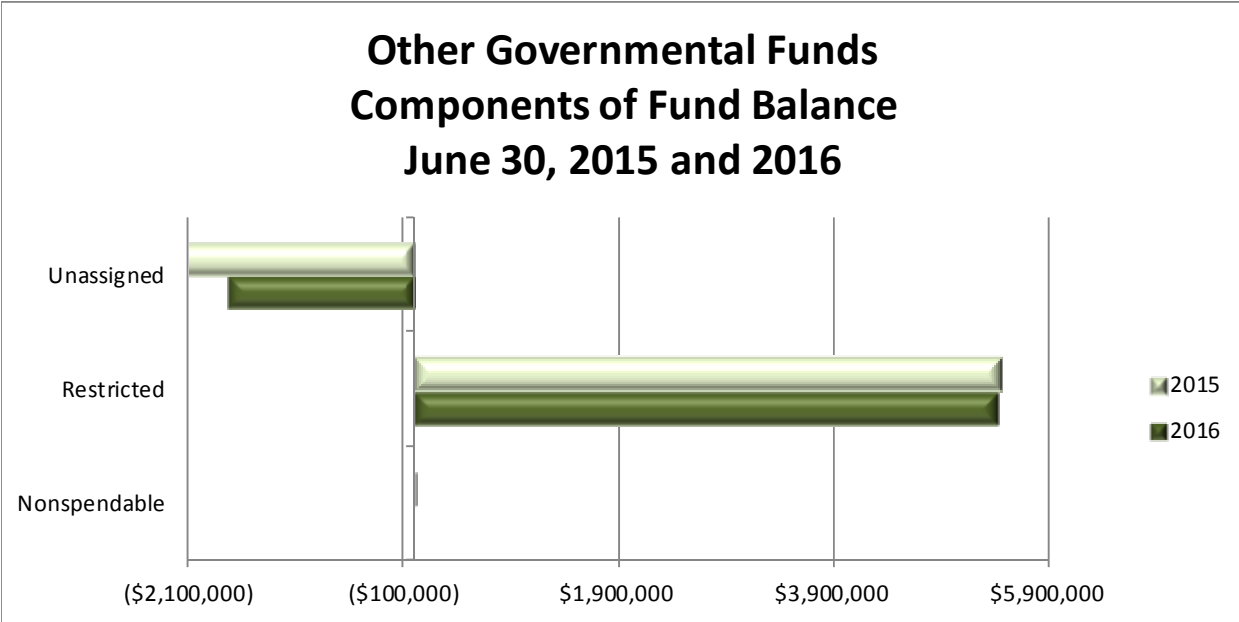
### **Governmental Funds**

The City’s governmental funds reported combined fund balances at June 30, 2016 of \$14,134,582, which is an increase of \$1,966,886 compared to the previous fiscal year. Approximately 55.4% of this amount (\$7,836,141) 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 (\$874,453), or 2) restricted for a particular purpose (\$5,423,988).



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 \$9,568,305. 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 42.0% 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 \$1,527,012 during the 2016 fiscal year.



The fund balances of Bullhead City's other governmental funds increased by \$439,874 during the 2016 fiscal year.

The Non-Major Governmental Fund Balances increased \$566,215 from the prior fiscal year. The Capital Project Fund for second Bullhead City Laughlin Bridge was re-activated with the return of the City's \$250,000 from the State of Arizona. The City remitted in May 2006 \$250,000 to contribute toward a proposed Highway 95 Re-alignment Project. The Arizona Department of Transportation notified the City on June 30, 2015 the project was being halted due to funding constraints and was going to return our funding.

The City was awarded a grant of \$181,000 to install lighting to city ballfields. This project was not completed by the end of the fiscal year. The timing of completion of other drainage, and park related projects represent the rest of the fund balances.

### **Proprietary Funds**

Unrestricted net position of the wastewater fund was \$1,253,893 and for the water resources fund was (\$804,600). The total change in net position for both funds was (\$782,985) and \$158,923, 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 new grant opportunities and a partnership agreement that occurred during the fiscal year requiring transfers from the budgeted Non-Departmental contingency. The exceptions were for multi-Use Trail System \$149,606; Rotary Park Tri-Plex Lighting Project \$418,000; and Clearwater Parking Rehabilitation \$104,000. 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	\$ 11,447,500	\$ 12,859,210	\$ 1,411,710
Licenses and permits	574,025	634,701	60,676
Fines/Forfeitures	983,000	1,030,481	47,481
Intergovernmental revenue	10,606,881	10,646,337	39,456
			<u>\$ 1,159,323</u>

The increases in the above revenue sources were caused by a combination of an improving economy and the impact of visitors for 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. Retail tax classification increased \$485,340 or 7%; and restaurant and bar tax classification increased \$179,680 or 18% compared to the prior fiscal year. A new state law changing the tax methodology for construction tax classification resulted in a decrease of \$54,240 or 8%.

Licenses and permits were greater than estimated which include building permits exceeding estimate by \$25,210 and building plan reviews by \$34,701. This growth can be attributed to construction projects.

A review of actual expenditures compared to the appropriations in the final budget does not show any significant variances.

Classification	Final Budget	Actual Amount	Variance
Personnel costs	\$ 16,766,938	\$ 16,276,263	\$ 490,675
Services and other charges	4,876,738	4,554,046	322,692
Supplies	997,924	821,565	176,359
Property	218,718	398,954	(21,287)
Capital Outlay	641,794	482,845	-
Debt service	281,188	270,253	10,935
Transfers	2,289,536	2,354,536	(65,000)
	<u>\$ 26,072,836</u>	<u>\$ 25,158,462</u>	<u>\$ 914,374</u>

The budgetary savings in personnel costs are from personnel positions remaining unfilled. Cities in general are having a difficult time in recruiting and retaining sworn police officers. Approximately \$263,000 of personnel savings are from the Police Department. Due to reserves in the employee benefit fund, approximately \$179,000 was not charged to the General Fund. Other budgetary savings are from external legal services and prison inmate costs of approximately \$143,500. Lower than estimated fuel prices resulted in approximately \$126,000 in budgetary savings.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2016, the City had invested \$165,836,877 (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 decrease in capital assets for the fiscal year was approximately 2.9%.

#### City of Bullhead City, Arizona

##### Capital Assets

As of June 30, 2016  
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2016	6/30/2015	6/1/3016	6/30/2015	6/30/2016	6/30/2015
Capital assets not being depreciated:						
Land and improvements	\$ 3,116,025	\$ 3,116,025	\$ 620,883	\$ 620,883	\$ 3,736,908	\$ 3,736,908
Water			3,507,613	3,408,151	3,507,613	3,408,151
Construction in progress	2,271,343	591,640	9,005,489	5,241,906	11,276,832	5,833,546
Depreciable capital assets:						
Buildings	7,774,317	8,533,662	115,977	119,718	7,890,294	8,653,380
Improvements, other than buildings	792,265	1,153,433	60,212	70,248	852,477	1,223,681
Furniture, vehicles and equipment	1,700,046	1,458,929	1,015,574	1,347,597	2,715,620	2,806,526
Infrastructure	35,030,683	40,966,837	100,826,450	104,145,880	135,857,133	145,112,717
Total	<u>\$50,684,679</u>	<u>\$55,820,526</u>	<u>\$115,152,198</u>	<u>\$ 114,954,383</u>	<u>\$165,836,877</u>	<u>\$170,774,909</u>

Major capital asset events during the year include the following:

- The purchase of two replacement Police Patrol Boats at a cost of \$145,417.
- The purchase of two replacement 4x4 trucks at cost of \$65,562 for the Wastewater Division.
- The purchase of two passenger buses a cost of \$287,545 for the Bullhead Area Transit System. The City's cost was \$20,445 and rest of funding from grant funds.
- The purchase Transit Information Management System including automated vehicle locators, automated passenger counters, short messaging system, and audio visual annunciator system at a cost of \$86,800 .
- The purchase of five replacement vehicles at a cost of \$152,552. Four Police vehicles and one motor pool vehicle.
- Construction in Progress increased during fiscal year 2016 with \$3.8 million in Wastewater Capital Projects and \$1.7 million in Governmental Capital Projects.

The City had commitments of approximately \$276,000 million for capital expenditures commitments as of June 30, 2016.

Additional information on Bullhead City's capital assets can be found in Note 6 on pages 51-52 of this report.

### **Long-Term Debt**

As of June 30, 2016, the City had \$51,188,847 in bonded, and note debt. Of this amount, \$34,244,662 is debt backed the full faith and credit of the City and \$16,944,185 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, 2016

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2015</b>	<b>6/30/2016</b>	<b>6/30/2015</b>
Revenue bonds, net of premiums and discounts	\$ 10,732,236	\$ 10,667,038	\$ 23,512,426	\$ 26,850,077	\$ 34,244,662	\$ 37,517,115
Notes payable- Water Infrastructure Financing Authority	16,944,185	20,091,729			16,944,185	20,091,729
Capital lease obligation	158,355	296,689	246,645	365,400	405,000	662,089
Net pension liabilities	18,314,074	17,647,467			18,314,074	17,647,467
Compensated absences	2,591,035	2,480,648	490,906	458,256	3,081,941	2,938,904
<b>Total</b>	<b>\$ 48,739,885</b>	<b>\$ 51,183,571</b>	<b>\$ 24,249,977</b>	<b>\$ 27,673,733</b>	<b>\$ 72,989,862</b>	<b>\$ 78,857,304</b>

During fiscal year 2016, the City's total long-term liabilities decreased by \$5,867,442 or 7.4 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.

The special assessment debt Series 1998 Wastewater Water Infrastructure Financing Authority Note matured in fiscal year 2016. The new issuance was an Excise Taxes Revenue Obligation Bond Series 2015B for police communication upgrades with a face value of \$1,554,000.

In addition to new debt issuance, Bullhead City issued Series 2015A Excise Tax Revenue Obligation Bonds to refinance previously outstanding Series 2006 bonds reported in governmental and business type activities. This refinancing was done to take advantage of favorable interest rates. The result is expected to be a decrease in future debt service payments of \$145,191.

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 2016 was \$1,850 and 2015 was \$1,999 based on 2015 US Census Estimate of 39,445.

In October of 2016, Fitch Ratings upgraded Bullhead City's Municipal Property Corporation excise tax revenues bonds from 'A+' for Outstanding Debt for Excise Tax Revenue Bonds to 'AA-' due to positive credit trends and Bullhead City's prudent budget management.

Additional information on Bullhead City's long-term liabilities can be found in Note 7 on pages 53-56 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 2016-17 budget.

- Estimated city sales tax revenue with an increase of 2.0 percent compared to estimated 2015 tax collections.
- State shared revenue distribution population number for Arizona Cities and Towns changed to updated annual US Census estimate.
- No increase of the City's engineering and building fees on comprehensive fee schedule by the social security consumer price index.
- An increase of 10.4 percent in employer public safety retirement costs for a total of 33.03 percent.
- The unemployment rate for Bullhead City at March 2016 was 7.2% compared to the calendar 2015 average of 7.8%.

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

The General Fund operating budget for fiscal year 2016-17 appropriation is \$25,934,605, an increase of 3.8%, or \$961,305 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

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## 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, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,928,575	\$ 2,145,769	\$ 14,074,344
Receivables (net of allowances)			
Accounts	913,088	1,140,749	2,053,837
Taxes	202,943	-	202,943
Intergovernmental	2,636,698	-	2,636,698
Prepays and inventory	36,780	-	36,780
Restricted cash	2,207,983	3,109,797	5,317,780
Special assessment receivable	15,550,803	-	15,550,803
Internal balances	874,453	(874,453)	-
Capital assets:			
Non-depreciable	5,387,368	13,133,985	18,521,353
Depreciable (net)	45,297,311	102,018,213	147,315,524
Total assets	<u>85,036,002</u>	<u>120,674,060</u>	<u>205,710,062</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	2,795,163	-	2,795,163
Deferred outflows of employer contributions to pensions	1,408,109	-	1,408,109
Deferred charge on debt refunding	120,552	607,627	728,179
Total deferred outflows of resources	<u>4,323,824</u>	<u>607,627</u>	<u>4,931,451</u>
<b>LIABILITIES</b>			
Accounts payable	875,211	240,519	1,115,730
Accrued payroll and related liabilities	564,996	78,890	643,886
Other liabilities	63,911	551,389	615,300
Deposits held for others	715,882	242,906	958,788
Interest payable	105,137	358,162	463,299
Unearned revenue	699,651	-	699,651
Long-term liabilities:			
Due within one year:			
Compensated absences	647,759	122,727	770,486
Capital leases payable	76,245	121,800	198,045
Notes payable	2,181,932	-	2,181,932
Bonds payable	1,587,835	2,747,165	4,335,000
Due in more than one year:			
Compensated absences	1,943,276	368,180	2,311,456
Capital leases payable	82,110	124,845	206,955
Notes payable	14,762,253	-	14,762,253
Bonds payable	9,144,401	20,765,261	29,909,662
Net pension liabilities	18,314,074	-	18,314,074
Total liabilities	<u>51,764,673</u>	<u>25,721,843</u>	<u>77,486,516</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred credit on debt refunding	147,192	-	147,192
Deferred inflows related to pensions	1,485,356	-	1,485,356
Total deferred inflows of resources	<u>1,632,548</u>	<u>-</u>	<u>1,632,548</u>
<b>NET POSITION</b>			
Net investment in capital assets	23,202,655	92,000,754	115,203,409
Restricted for:			
Highways and streets	20,244	-	20,244
Community development	1,299,971	-	1,299,971
Public safety	188,413	-	188,413
Other purposes	62,057	-	62,057
Capital projects	1,464,293	-	1,464,293
Debt service	2,009,618	3,109,797	5,119,415
Unrestricted (deficit)	7,715,354	449,293	8,164,647
Total net position	<u>\$ 35,962,605</u>	<u>\$ 95,559,844</u>	<u>\$ 131,522,449</u>

See accompanying notes.

CITY OF BULLHEAD CITY, ARIZONA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 10,196,414	\$ 2,302,513	\$ 602,391	\$ 523,926
Public safety	12,565,419	1,738,417	87,655	-
Culture and recreation	4,360,839	1,562,869	404,453	-
Economic development	79,195	-	-	-
Redevelopment and housing	421,494	-	350,380	-
Highways and streets	9,873,739	76,037	4,345,437	-
Health and welfare	919,396	-	-	-
Interest on long-term debt	782,092	-	-	-
Total governmental activities	<u>39,198,588</u>	<u>5,679,836</u>	<u>5,790,316</u>	<u>523,926</u>
Business-type activities:				
Wastewater	10,127,069	9,053,211	-	140,000
Water utility	11,334	70,223	-	-
Total business-type activities	<u>10,138,403</u>	<u>9,123,434</u>	<u>-</u>	<u>140,000</u>
Total government	<u>\$ 49,336,991</u>	<u>\$ 14,803,270</u>	<u>\$ 5,790,316</u>	<u>\$ 663,926</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 Assets

Governmental Activities	Business-type Activities	Total
\$ (6,767,584)	\$ -	\$ (6,767,584)
(10,739,347)	-	(10,739,347)
(2,393,517)	-	(2,393,517)
(79,195)	-	(79,195)
(71,114)	-	(71,114)
(5,452,265)	-	(5,452,265)
(919,396)	-	(919,396)
(782,092)	-	(782,092)
<u>(27,204,510)</u>	<u>-</u>	<u>(27,204,510)</u>
-	(933,858)	(933,858)
-	58,889	58,889
<u>-</u>	<u>(874,969)</u>	<u>(874,969)</u>
<u>(27,204,510)</u>	<u>(874,969)</u>	<u>(28,079,479)</u>
12,152,323	-	12,152,323
706,887	-	706,887
3,728,320	-	3,728,320
4,760,611	-	4,760,611
2,157,406	-	2,157,406
13,443	39,570	53,013
(211,337)	211,337	-
<u>23,307,653</u>	<u>250,907</u>	<u>23,558,560</u>
<u>(3,896,857)</u>	<u>(624,062)</u>	<u>(4,520,919)</u>
<u>40,636,937</u>	<u>96,183,906</u>	<u>136,820,843</u>
<u>(777,475)</u>	<u>-</u>	<u>(777,475)</u>
<u>39,859,462</u>	<u>96,183,906</u>	<u>136,043,368</u>
<u>\$ 35,962,605</u>	<u>\$ 95,559,844</u>	<u>\$ 131,522,449</u>



# Government Funds

## Financial Statements

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### **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.

#### **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, 2016

	General	SID Debt Service Funds	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,221,669	\$ 2,277,091	\$ 2,950,255	\$ 11,449,015
Restricted cash	30,877	-	2,177,106	2,207,983
Receivables, net of allowances for uncollectibles:				
Accounts	567,822	-	343,752	911,574
Taxes	202,943	-	-	202,943
Intergovernmental	2,066,593	-	570,105	2,636,698
Due from other funds	2,323,190	-	-	2,323,190
Special assessments receivable	-	15,548,996	1,807	15,550,803
Advance to other funds	874,453	-	-	874,453
<b>Total assets</b>	<b>12,287,547</b>	<b>17,826,087</b>	<b>\$ 6,043,025</b>	<b>\$ 36,156,659</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 425,940	\$ -	\$ 222,950	\$ 648,890
Accrued payroll and related liabilities	458,955	-	93,527	552,482
Due to other funds	-	-	2,136,226	2,136,226
Other liabilities	52,312	1,350	6,292	59,954
Deposits held for others	307,162	408,720	-	715,882
Unearned revenue	569,543	-	130,108	699,651
Interest payable	-	-	105,137	105,137
Matured bonds payable	-	-	1,587,835	1,587,835
<b>Total liabilities</b>	<b>1,813,912</b>	<b>410,070</b>	<b>4,282,075</b>	<b>6,506,057</b>
Deferred inflows of resources				
Unavailable revenue - special assessments	-	15,459,658	56,362	15,516,020
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>15,459,658</b>	<b>56,362</b>	<b>15,516,020</b>
<b>FUND BALANCES</b>				
Nonspendable				
Advances to other funds	874,453	-	-	874,453
Restricted				
Highways and streets	-	-	20,244	20,244
Community development	-	-	1,299,971	1,299,971
Public safety	12,834	-	175,579	188,413
Capital projects	-	-	1,843,685	1,843,685
Debt service	-	1,956,359	53,259	2,009,618
Other purposes	18,043	-	44,014	62,057
Unassigned	9,568,305	-	(1,732,164)	7,836,141
<b>Total fund balances</b>	<b>10,473,635</b>	<b>1,956,359</b>	<b>1,704,588</b>	<b>14,134,582</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,287,547</b>	<b>\$ 17,826,087</b>	<b>\$ 6,043,025</b>	<b>\$ 36,156,659</b>

CITY OF BULLHEAD CITY, ARIZONA  
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
 GOVERNMENTAL FUNDS  
 June 30, 2016

Fund balances - total governmental funds		\$ 14,134,582
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		50,684,679
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		15,516,020
Deferred charges and credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.		(26,640)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the funds:		
Revenue bonds	(9,144,401)	
Notes payable	(16,944,185)	
Capital leases	(158,355)	
Net pension liability	(18,314,074)	
Compensated absences	<u>(2,591,035)</u>	(47,152,050)
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore are not reported in the funds.		2,717,916
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 are included in governmental activities in the Statement of Net Position:		
Current assets	517,854	
Current liabilities	<u>(429,756)</u>	<u>88,098</u>
Total net position of governmental activities		<u>\$ 35,962,605</u>

CITY OF BULLHEAD CITY, ARIZONA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2016

	General Fund	SID Debt Service Funds	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
City tax revenue	\$ 12,859,210	\$ -	\$ -	\$ 12,859,210
Intergovernmental	10,646,337	-	5,525,653	16,171,990
Charges for services	1,089,669	-	1,634,535	2,724,204
Special assessments	-	3,623,070	129,063	3,752,133
Licenses and permits	634,701	-	-	634,701
Fines and forfeitures	1,030,481	-	129,116	1,159,597
Rents	54,999	-	-	54,999
Investment earnings	6,590	3,193	3,660	13,443
Other revenues	212,767	1,199	870,982	1,084,948
Total revenues	<u>26,534,754</u>	<u>3,627,462</u>	<u>8,293,009</u>	<u>38,455,225</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,492,395	105,331	1,721,551	9,319,277
Public safety	11,371,274	-	150,386	11,521,660
Culture and recreation	2,493,790	-	1,166,577	3,660,367
Economic development	76,783	-	-	76,783
Redevelopment and housing	-	-	420,094	420,094
Highways and streets	-	-	4,084,941	4,084,941
Health and welfare	605,795	-	313,601	919,396
Debt service:				
Principal	242,700	3,147,542	1,504,631	4,894,873
Interest and fiscal charges	27,553	500,930	212,731	741,214
Bond issuance costs	-	-	54,000	54,000
Capital outlay	493,629	-	1,826,046	2,319,675
Total expenditures	<u>22,803,919</u>	<u>3,753,803</u>	<u>11,454,558</u>	<u>38,012,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,730,835</u>	<u>(126,341)</u>	<u>(3,161,549)</u>	<u>442,945</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease agreement	57,394	-	-	57,394
Sale of capital assets	11,786	-	66,115	77,901
Proceeds from issuance of bonds	-	-	1,510,400	1,510,400
Refunding bonds issued	-	-	2,712,236	2,712,236
Payment to refunded bond escrow agent	-	-	(2,622,653)	(2,622,653)
Transfers in	81,533	-	4,277,621	4,359,154
Transfers out	(2,354,536)	-	(2,215,955)	(4,570,491)
Total other financing (uses) sources	<u>(2,203,823)</u>	<u>-</u>	<u>3,727,764</u>	<u>1,523,941</u>
Net change in fund balances	<u>1,527,012</u>	<u>(126,341)</u>	<u>566,215</u>	<u>1,966,886</u>
Fund balances - beginning of year	9,431,862	2,082,700	1,430,609	12,945,171
Restated	(485,239)	-	(292,236)	(777,475)
Fund balances, beginning of year - restated	<u>8,946,623</u>	<u>2,082,700</u>	<u>1,138,373</u>	<u>12,167,696</u>
Fund balances - end of year	<u>\$ 10,473,635</u>	<u>\$ 1,956,359</u>	<u>\$ 1,704,588</u>	<u>\$ 14,134,582</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, 2016

Net change in fund balances - total governmental funds		1,966,886
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	2,630,013	
Depreciation expense	<u>(7,765,860)</u>	(5,135,847)
Pension 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.		
		(727,367)
Collection of revenues in the governmental funds exceed revenues reported in the Statement of Activities		
		(3,081,644)
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.		
Debt proceeds	(4,212,236)	
Principal repaid	<u>7,619,448</u>	3,407,212
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.		
Increase in compensated absences payable		(110,387)
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.		
		<u>(215,710)</u>
Change in net position of governmental activities		<u><u>(3,896,857)</u></u>

# Proprietary Fund Financial Statements

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## **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, 2016

ASSETS	Business-type Activities-Enterprise Funds			Governmental
	Wastewater Fund	Water Fund	Total	Internal Services Funds
Current assets				
Cash and cash equivalents	\$ 2,074,832	\$ 70,937	\$ 2,145,769	\$ 479,560
Accounts receivable, net	1,140,749	-	1,140,749	1,514
Inventory	-	-	-	36,780
Total current assets	<u>3,215,581</u>	<u>70,937</u>	<u>3,286,518</u>	<u>517,854</u>
Noncurrent assets				
Restricted cash	3,109,797	-	3,109,797	-
Capital assets:				
Capital assets, not being depreciated	9,626,372	3,507,613	13,133,985	-
Capital assets, being depreciated, net	<u>102,018,213</u>	<u>-</u>	<u>102,018,213</u>	<u>2,152,598</u>
Total noncurrent assets	<u>114,754,382</u>	<u>3,507,613</u>	<u>118,261,995</u>	<u>2,152,598</u>
Total assets	<u>117,969,963</u>	<u>3,578,550</u>	<u>121,548,513</u>	<u>2,670,452</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows of employer				
Deferred charge on debt refunding	607,627	-	607,627	-
Total deferred outflows of resources	<u>607,627</u>	<u>-</u>	<u>607,627</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Accounts payable	239,435	1,084	240,519	226,321
Accrued payroll and related liabilities	78,890	-	78,890	12,514
Due to other funds	-	-	-	186,964
Other liabilities	551,389	-	551,389	3,957
Deposits held for others	242,906	-	242,906	-
Current portion of:				
Interest payable	358,162	-	358,162	-
Bonds payable	2,747,165	-	2,747,165	-
Capital lease payable	121,800	-	121,800	-
Compensated absences	<u>122,727</u>	<u>-</u>	<u>122,727</u>	<u>-</u>
Total current liabilities	<u>4,462,474</u>	<u>1,084</u>	<u>4,463,558</u>	<u>429,756</u>
Noncurrent liabilities				
Compensated absences	368,180	-	368,180	-
Advance from other funds	-	874,453	874,453	-
Capital leases payable	124,845	-	124,845	-
Bonds payable, net	<u>20,765,261</u>	<u>-</u>	<u>20,765,261</u>	<u>-</u>
Total noncurrent liabilities	<u>21,258,286</u>	<u>874,453</u>	<u>22,132,739</u>	<u>-</u>
Total liabilities	<u>25,720,759</u>	<u>875,537</u>	<u>26,596,296</u>	<u>429,756</u>
NET POSITION				
Net investment in capital assets	88,493,141	3,507,613	92,000,754	2,152,598
Restricted for debt service	3,109,797	-	3,109,797	-
Unrestricted (deficit)	<u>1,253,893</u>	<u>(804,600)</u>	<u>449,293</u>	<u>88,098</u>
Total net position	<u>\$ 92,856,831</u>	<u>\$ 2,703,013</u>	<u>\$ 95,559,844</u>	<u>\$ 2,240,696</u>

CITY OF BULLHEAD CITY, ARIZONA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2016

	Business-type Activities-Enterprise Funds			Governmental
	Wastewater Fund	Fund	Total	Internal Services Funds
Operating revenues				
Charges for services	\$ 8,994,775	\$ -	\$ 8,994,775	\$ 5,639,375
Application fees, tap fees and other	-	49,056	49,056	-
Other revenues	147,124	21,167	168,291	301,114
Total operating revenue	<u>9,141,899</u>	<u>70,223</u>	<u>9,212,122</u>	<u>5,940,489</u>
Operating expenses				
Salaries and related expenses	2,778,631	-	2,778,631	409,349
Medical claims and self-insurance	-	-	-	4,882,925
Administration	1,103,401	11,334	1,114,735	768,685
Utilities	800,441	-	800,441	33,228
Maintenance, supplies and equipment	846,549	-	846,549	30,652
Depreciation	3,777,969	-	3,777,969	193,618
Other	66,729	-	66,729	25,453
Total operating expenses	<u>9,373,720</u>	<u>11,334</u>	<u>9,385,054</u>	<u>6,343,910</u>
Operating income (loss)	<u>(231,821)</u>	<u>58,889</u>	<u>(172,932)</u>	<u>(403,421)</u>
Non-operating Revenues (Expenses)				
Investment income	39,536	34	39,570	1,085
Gain (loss) on disposal of capital assets	-	-	-	13,453
Interest expense and fiscal charges	<u>(702,037)</u>	<u>-</u>	<u>(702,037)</u>	<u>-</u>
Total nonoperating revenue (expense)	<u>(662,501)</u>	<u>34</u>	<u>(662,467)</u>	<u>14,538</u>
Income (loss) before contributions and transfers	<u>(894,322)</u>	<u>58,923</u>	<u>(835,399)</u>	<u>(388,883)</u>
Capital contributions	-	-	-	565,069
Transfers in	173,680	100,000	273,680	-
Transfers out	<u>(62,343)</u>	<u>-</u>	<u>(62,343)</u>	<u>-</u>
Change in net position	<u>(782,985)</u>	<u>158,923</u>	<u>(624,062)</u>	<u>176,186</u>
Net position, beginning of year	<u>93,639,816</u>	<u>2,544,090</u>	<u>96,183,906</u>	<u>2,064,510</u>
Total net position-end of year	<u>\$ 92,856,831</u>	<u>\$ 2,703,013</u>	<u>\$ 95,559,844</u>	<u>\$ 2,240,696</u>



CITY OF BULLHEAD CITY, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2016

	Business-type Activities-Enterprise Funds			Governmental
	Wastewater Fund	Water Fund	Total	Internal Services Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 9,093,030	\$ 49,455	\$ 9,142,485	\$ -
Receipts from interfund services	-	-	-	5,639,627
Other operating receipts	147,124	21,167	168,291	301,114
Payments to suppliers	(3,210,617)	(29,340)	(3,239,957)	(5,753,487)
Payments to employees	(2,723,781)	-	(2,723,781)	(405,626)
Cash flows from operating activities	<u>3,305,756</u>	<u>41,282</u>	<u>3,347,038</u>	<u>(218,372)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments from other funds	-	-	-	234,349
Payments to other funds	-	-	-	(47,385)
Interfund transfers	111,337	100,000	211,337	-
Cash flows from noncapital and related financing activities	<u>111,337</u>	<u>100,000</u>	<u>211,337</u>	<u>186,964</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(3,876,322)	(99,462)	(3,975,784)	(20,445)
Proceeds from sale of capital assets	-	-	-	13,453
Capital debt proceeds	1,360,764	-	1,360,764	-
Principal paid on long term debt	(4,651,305)	-	(4,651,305)	-
Interest paid on long-term debt	(887,376)	-	(887,376)	-
Cash flows from capital and related financing activities	<u>(8,054,239)</u>	<u>(99,462)</u>	<u>(8,153,701)</u>	<u>(6,992)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	39,536	34	39,570	1,085
Cash flows from investing activities	<u>39,536</u>	<u>34</u>	<u>39,570</u>	<u>1,085</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(4,597,610)</u>	<u>41,854</u>	<u>(4,555,756)</u>	<u>(37,315)</u>
Cash and cash equivalents at beginning of year	<u>9,782,239</u>	<u>29,083</u>	<u>9,811,322</u>	<u>516,875</u>
Cash and cash equivalents at end of year	<u>\$ 5,184,629</u>	<u>\$ 70,937</u>	<u>\$ 5,255,566</u>	<u>\$ 479,560</u>

See accompanying notes.

CITY OF BULLHEAD CITY, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS (CONTINUED)  
Year Ended June 30, 2016

	Business-type Activities-Enterprise Funds			Governmental
	Wastewater Fund	Water Fund	Total	Internal Services Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Net operating income (loss)	\$ (231,821)	\$ 58,889	\$ (172,932)	\$ (403,421)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	3,777,969	-	3,777,969	193,618
Provision for bad debt	51,312	-	51,312	-
Changes in operating assets and liabilities (Increase)/decrease in:				
Accounts receivable	24,677	399	25,076	252
Inventory and prepaid items	2,346	-	2,346	(22,297)
Other assets	67,718	-	67,718	-
Increase/(decrease) in:				
Accounts payable	(506,008)	(18,006)	(524,014)	9,753
Accrued payroll and related liabilities	22,200	-	22,200	3,723
Other liabilities	110,165	-	110,165	-
Customer deposits	(45,452)	-	(45,452)	-
Compensated absences	32,650	-	32,650	-
Net cash provided (used) by operating activities:	\$ 3,305,756	\$ 41,282	\$ 3,347,038	\$ (218,372)
Noncash investing, capital, and financing activities:				
Contributions of capital assets	-	-	-	565,069
Special items - debt forgiveness	-	-	1,660,154	-
Amortization of bond premium	188,414	-	188,414	-
Amortization of deferred charge on refunding	84,473	-	84,473	-
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents	\$ 2,074,832	\$ 70,937	\$ 2,145,769	\$ 479,560
Restricted cash	3,109,797	-	3,109,797	-
Total cash and cash equivalents	\$ 5,184,629	\$ 70,937	\$ 5,255,566	\$ 479,560

# **Notes to the Financial Statements**

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CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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, 2016

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 *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.

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.

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.

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

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".

All trade receivables are shown net of an allowance for uncollectibles. The amount of the estimated uncollectible trade receivables at June 30, 2016 was \$108,879, which represents approximately 9.5% 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.



CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused personal leave and vacation. 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.

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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the pension 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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.

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Policies (Continued)

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.

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.

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, Pest Abatement Fund, Senior Nutrition Center Fund, Bullhead Parkway Improvement District Fund and Excise Revenue Bond Refunding Fund Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual report an excess of expenditures over appropriations for the year ended June 30, 2016.

V. Deficit fund balance

At June 30, 2016, the following funds reported deficits in net position or fund balances:

Fund	Deficit
HURF	\$20,436
Transit	83,688
REO	383,058
CDBG/HTF	86,947
River Regatta	7,917
Pest Abatement	277

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, 2016

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

**Deposits: (Continued)**

As of June 30, 2016, the City's carrying amount of deposits was \$3,787,697 and the bank balance was \$3,837,956. As of June 30, 2016, 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.

Restricted cash of \$5,317,780 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, 2016, the City's deposit with the State Treasurer's local government investment pool 5 was \$10,286,647.

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, 2016, credit risk for the City's investments was as follows:

Investment Type	Total	Ratings		
		AAAF/S1+	AAA	Unrated
Primary Government LGIP	10,286,647	10,286,647	-	-
Total	\$ 10,286,647	\$ 10,286,647	\$ -	\$ -

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

*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.

At June 30, 2016, the City had the following investments:

<u>Investment Type</u>	<u>Remaining Maturity 12 Months or Less</u>
Primary Government LGIP	<u>10,286,647</u>
Total	<u><u>\$ 10,286,647</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, 2016, 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, 2016 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	SID Debt Service Funds	Nonmajor Governmental Funds	Wastewater Fund	Internal Service Funds	Total
Receivables:						
Accounts	\$ 567,822	\$ -	\$ 343,752	\$ 1,249,628	\$ 1,514	\$ 2,162,716
Taxes	202,943	-	-	-	-	202,943
Intergovernmental	2,066,593	-	570,105	-	-	2,636,698
Special assessments	-	15,548,996	1,807	-	-	15,550,803
Gross receivables	<u>2,837,358</u>	<u>15,548,996</u>	<u>915,664</u>	<u>1,249,628</u>	<u>1,514</u>	<u>20,553,160</u>
Less: Allowance for uncollectibles	-	-	-	(108,879)	-	(108,879)
Net total receivables	<u><u>\$ 2,837,358</u></u>	<u><u>\$ 15,548,996</u></u>	<u><u>\$ 915,664</u></u>	<u><u>\$ 1,140,749</u></u>	<u><u>\$ 1,514</u></u>	<u><u>\$ 20,444,281</u></u>

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2016 is as follows:

***Due to/from other funds:***

Fund	Receivable Amount	Payable Amount
General Fund	\$ 2,323,190	\$ -
Non-Major Governmental Funds	-	2,136,226
Internal Service Funds	-	186,964
Total	\$ 2,323,190	\$ 2,323,190

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:***

Receivable Fund	Payable Fund	Amount
General Fund	Water Fund	\$ 874,453

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, 2016 is as follows:

Fund	Transfers Out	Transfers In
General Fund	\$ 2,354,536	\$ 81,533
Non-Major Governmental Funds	2,215,955	4,277,621
Wastewater Fund	62,343	173,680
Water Fund	-	100,000
Total	\$ 4,632,834	\$ 4,632,834



CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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, 2016 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,116,025	\$ -	\$ -	\$ 3,116,025
Construction in progress	591,640	1,679,703	-	2,271,343
Total capital assets not being depreciated	<u>3,707,665</u>	<u>1,679,703</u>	<u>-</u>	<u>5,387,368</u>
Capital assets being depreciated:				
Buildings	20,173,238	-	-	20,173,238
Improvements, other than buildings	3,317,082	-	-	3,317,082
Furniture, vehicles and equipment	17,066,712	950,310	(216,060)	17,800,962
Infrastructure	149,961,508	-	-	149,961,508
Total capital assets being depreciated	<u>190,518,540</u>	<u>950,310</u>	<u>(216,060)</u>	<u>191,252,790</u>
Less accumulated depreciation:				
Buildings	(11,639,576)	(759,345)	-	(12,398,921)
Improvements, other than buildings	(2,163,649)	(361,168)	-	(2,524,817)
Furniture, vehicles and equipment	(15,607,783)	(709,193)	216,060	(16,100,916)
Infrastructure	(108,994,671)	(5,936,154)	-	(114,930,825)
Total accumulated depreciation	<u>(138,405,679)</u>	<u>(7,765,860)</u>	<u>216,060</u>	<u>(145,955,479)</u>
Total capital assets being depreciation, net	<u>52,112,861</u>	<u>(6,815,550)</u>	<u>-</u>	<u>45,297,311</u>
Governmental activities capital assets, net	<u>\$ 55,820,526</u>	<u>\$ (5,135,847)</u>	<u>\$ -</u>	<u>\$ 50,684,679</u>

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

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	3,408,151	99,462	-	3,507,613
Construction in progress	5,241,906	3,763,583	-	9,005,489
Total capital assets not being depreciated	<u>9,270,940</u>	<u>3,863,045</u>	<u>-</u>	<u>13,133,985</u>
Capital assets being depreciated:				
Buildings	149,647	-	-	149,647
Improvements, other than buildings	123,874	-	-	123,874
Equipment and vehicles	3,686,563	112,739	-	3,799,302
Wastewater facilities, equipment and collection lines	141,870,269	-	-	141,870,269
Total capital assets being depreciated	<u>145,830,353</u>	<u>112,739</u>	<u>-</u>	<u>145,943,092</u>
Less accumulated depreciation:				
Buildings	(29,929)	(3,741)	-	(33,670)
Improvements, other than buildings	(53,626)	(10,036)	-	(63,662)
Equipment and vehicles	(2,338,966)	(444,762)	-	(2,783,728)
Wastewater facilities, equipment and collection lines	(37,724,389)	(3,319,430)	-	(41,043,819)
Total accumulated depreciation	<u>(40,146,910)</u>	<u>(3,777,969)</u>	<u>-</u>	<u>(43,924,879)</u>
Total capital assets being depreciation, net	<u>105,683,443</u>	<u>(3,665,230)</u>	<u>-</u>	<u>102,018,213</u>
Business-type activities capital assets, net	<u>\$ 114,954,383</u>	<u>\$ 197,815</u>	<u>\$ -</u>	<u>\$ 115,152,198</u>

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

Governmental activities:	
General government	\$ 904,935
Highways and streets	5,924,318
Culture and recreation	690,577
Public safety	246,030
Total depreciation expense - governmental activities	<u>\$ 7,765,860</u>
Business-type activities:	
Wastewater Fund	\$ 3,777,969
Total depreciation expense - business-type activities	<u>\$ 3,777,969</u>

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 7 LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2016 was as follows:

<b>Governmental activities:</b>	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable					
Revenue bonds	\$ 10,335,000	\$ 4,212,236	\$ (3,815,000)	\$ 10,732,236	\$ 1,587,835
Premium on bonds	332,038	-	(332,038)	-	-
Total bonds payable	10,667,038	4,212,236	(4,147,038)	10,732,236	1,587,835
Notes payable - Water					
Infrastructure Financing Authority	20,091,729	-	(3,147,544)	16,944,185	2,181,932
Capital leases	296,689	-	(138,334)	158,355	76,245
Net pension liabilities	17,647,467	666,607	-	18,314,074	-
Compensated absence	2,480,648	1,794,556	(1,684,169)	2,591,035	647,759
Governmental activities long term liabilities	\$ 51,183,571	\$ 6,673,399	\$ (9,117,085)	\$ 48,739,885	\$ 4,493,771
<b>Business type activities:</b>					
Revenue bonds	\$ 26,710,000	\$ 1,360,764	\$ (4,510,000)	\$ 23,560,764	\$ 2,747,165
Less deferred amounts:					
For issuance discounts and premiums	140,077	-	(188,415)	(48,338)	-
Total bonds payable	26,850,077	1,360,764	(4,698,415)	23,512,426	2,747,165
Capital leases	365,400	-	(118,755)	246,645	121,800
Compensated absence	458,256	285,594	(252,944)	490,906	122,727
Business-type activities long term liabilities	\$ 27,673,733	\$ 1,646,358	\$ (5,070,114)	\$ 24,249,977	\$ 2,991,692

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.

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 7 LONG-TERM LIABILITIES (Continued)

**Bonds payable:**

The City also issued revenue bonds wherein the government pledges revenue derived from taxes collected or from the acquired or constructed assets to pay debt service.

On September 22, 2015, the City issued \$2,658,236 of Excise Tax Revenue Refunding Obligation Bonds, Series 2015A, with an interest rate 0.670%, to do a current refunding of the Excise Tax Revenue Bonds, Series 2006. Under the terms of the refunding issue, sufficient assets to pay \$3,905,000 of the 2006 principal and interest on the Series 2006 bond issues have been placed in irrevocable trust accounts at commercial banks and invested in U.S. Government Securities, which together with interest earned thereon, will provide amounts sufficient for payments of principal and interest of the issue refunded. There was \$3,905,000 outstanding with the trustee on these bonds as of June 30, 2016. \$3,905,000 of these bonds have been fully defeased. The last call date on the refunded bonds is July 1, 2017. The \$147,192 deferred credit on refunding of bonds is being amortized over the shorter of the lives for the refunded or refunding bonds on the straight-line basis.

On September 22, 2015, the City issued \$1,554,000 of Excise Tax Revenue Refunding Obligation Bonds, Series 2015B, with an interest rate 1.98%, to acquire and construct various street improvements, wastewater treatment plant and expansion of City Hall with the City Municipal Property Corporation (MPC).

Bonds currently outstanding at year end are as follows:

	Original amount	Interest rates	Year of maturity	Outstanding principal
<b><u>Governmental activities:</u></b>				
MPC Excise Tax Revenue Bonds, Series 2013	\$ 6,605,000	2.48%	2021	\$ 6,520,000
MPC Excise Tax Revenue Bonds, Series 2015 A	2,658,236	0.67%	2018	2,658,236
MPC Excise Tax Revenue Bonds, Series 2015 B	<u>1,554,000</u>	1.98%	2026	<u>1,554,000</u>
Total governmental activities	<u>\$ 10,817,236</u>			<u>\$ 10,732,236</u>
<b><u>Business-type activities:</u></b>				
MPC Municipal Facilities Bonds, Series 2009	\$ 17,960,000	3.795%	2027	\$ 8,745,000
MPC Municipal Facilities Bonds, Series 2013	15,845,000	3.25% - 5.00%	2025	13,455,000
MPC Municipal Facilities Bonds, Series 2015 A	<u>1,360,764</u>	0.67%	2018	<u>1,360,764</u>
Total business-type activities	<u>\$ 35,165,764</u>			<u>\$ 23,560,764</u>

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 7 LONG-TERM LIABILITIES (Continued)

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
2017	\$ 1,587,835	\$ 202,933	\$ 2,747,165	\$ 691,681
2018	1,595,401	188,255	2,673,599	622,308
2019	1,657,000	160,741	1,910,000	567,180
2020	1,705,000	119,795	1,970,000	504,450
2021	1,747,000	77,745	2,030,000	440,528
2022-2026	2,440,000	60,901	11,175,000	1,177,056
2027	-	-	1,055,000	27,430
Total	<u>\$ 10,732,236</u>	<u>\$ 810,370</u>	<u>\$ 23,560,764</u>	<u>\$ 4,030,632</u>

**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
<u>Governmental activities:</u>				
Water Infrastructure Finance Authority, 2004	\$ 11,686,806	2.892%	2023	\$ 3,527,613
Water Infrastructure Finance Authority, 2006	<u>28,422,230</u>	2.340%	2025	<u>13,416,572</u>
Total	<u>\$ 40,109,036</u>			<u>\$ 16,944,185</u>

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

Year ending June 30,	Governmental Activities	
	Principal	Interest
2017	\$ 2,181,932	\$ 455,066
2018	2,181,932	389,456
2019	2,181,932	323,847
2020	2,181,932	258,237
2021	2,181,932	192,627
2022-2025	<u>6,034,525</u>	<u>221,231</u>
Total	<u>\$ 16,944,185</u>	<u>\$ 1,840,464</u>

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

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:	Governmental Activities	Business-type Activities	Total
Buildings	\$ 1,363,400	\$ -	\$ 1,363,400
Machinery and equipment	2,130,654	5,098,386	7,229,040
	3,494,054	5,098,386	8,592,440
Less accumulated depreciation	(2,605,906)	(2,780,325)	(5,386,231)
Totals	<u>\$ 888,148</u>	<u>\$ 2,318,061</u>	<u>\$ 3,206,209</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

Year ended June 30,	Governmental Activities	Business-type Activities	Total
2017	\$ 80,702	\$ 125,697	\$ 206,399
2018	81,420	126,818	208,238
Total minimum lease payments	162,122	252,515	414,637
Less amount representing			
Interest	(3,767)	(5,870)	(9,637)
Present value of future minimum payments	<u>\$ 158,355</u>	<u>\$ 246,645</u>	<u>\$ 405,000</u>

**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.

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

NOTE 8 CONTINGENCIES (Continued)

***Risk management: (Continued)***

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 \$275,239 in commitments to contractors for construction projects.

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 8 CONTINGENCIES (Continued)

**Concession lease:**

In September, 2008, the City paid \$2.2 million to acquire a concession lease from the United States Department of Interior Bureau of Land Management. Under the terms of the lease, the City will make five annual payments of \$30,000. After five years, the annual payments will consist of a base amount of \$30,000 plus a percentage of gross income derived from the use of the land. The percentage of gross income increases from 1% for the sixth year, up to 5% after the ninth year until the last year of the lease. The lease terminates February, 2046. The future minimum payments required under the operating lease at June 30, 2016, were as follows:

Year Ending June 30,	Governmental Activities
2017	\$ 30,000
2018	30,000
2019	30,000
2020	30,000
2021	30,000
2022-2026	150,000
2027-2031	150,000
2032-2036	150,000
2037-2041	150,000
2042-2046	150,000
	<hr/>
Total minimum lease payments	<u>\$ 900,000</u>

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, 2016, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities
Net pension liabilities	\$ 18,314,074
Deferred outflows of resources	4,203,272
Deferred inflows of resources	1,485,356
Pension expense	2,135,476

The City reported \$1,408,109 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.



NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**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.

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, 2016.

	<u>Total Payroll</u>	<u>Covered Payroll</u>	<u>% of Covered Payroll</u>	<u>Required Contributions</u>	<u>Actual Contributions</u>
Employer	\$ 16,110,669	\$ 10,542,063	9.05%	\$ 954,057	\$ 954,057
Employee		10,504,563	6.25%	656,535	656,535

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**B. Public Safety Personnel Retirement System**

**Plan Description** – City police department employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS). The PSPRS administers an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium benefit (OPEB) plan (agent plans). A seven-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.

The PSPRS issues a publicly available financial report that include their financial statements and required supplementary information. The report is available on the PSPRS website at [www.psprs.com](http://www.psprs.com).

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

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
<b>Retirement and Disability</b>		
Years of service and age required to receive benefit	20 years, any age 15 years, age 62	25 years, and 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%	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	
<b>Survivor Benefits</b>		
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, 2016

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on excess investment earning. In addition, from and after December 31, 2015, 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.

**Employees Covered by Benefit Terms** - At June 30, 2016, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police
Inactive employees or beneficiaries	
currently receiving benefits	37
Inactive employees entitled to	
by not yet receiving benefits	8
Active employees	70
Total	115

**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, 2016, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police
Active members - Pension	36.42%
City	
Pension	36.16%
Health insurance permium benefit	0.26%

In addition, statute required the City to contribute at the actuarially determined rate of 28.62 percent for the PSPRS of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill.

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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, 2016, were:

	PSPRS Police
Pension	
Contributions made	\$ 1,408,109
Health Insurance Premium Benefit	
Annual OPEB cost contributions made	10,125

During fiscal year 2016, the City paid 100 percent of the PSPRS pension and OPEB contributions from the General Fund.

**Pension Liability** - At June 30, 2016, the City reported a PSPRS net pension liabilities of \$18,314,074.

The net pension liability was measured as of June 30, 2015, 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, 2015, reflect the following changes of benefit terms and actuarial assumptions.

- In May 2016 voters approved Proposition 124 that authorized certain statutory adjustments to PSPRS' automatic cost-of-living adjustments. The statutory adjustments change the basis for future cost-of-living adjustments from excess investment earnings to the change in the consumer price index, limited to a maximum annual increase of 2 percent. The change in the County's net pension liability as a result of the statutory adjustments is not known.

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

PSPRS	
Actuarial valuation date	June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	7.85%
Projected salary increases	4.0% - 8.0%
Inflation	4.00%
Permanent benefit increase	Included
Mortality rates	RP-2000 mortality table (adjusted by 105% for both males and females)

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.85 percent using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 Real Rate of Return
Short term investments	2%	0.75%
Absolute return	5%	4.11%
Risk parity	4%	5.13%
Fixed income	7%	2.92%
Real assets	8%	4.77%
GTAA	10%	4.38%
Private equity	11%	9.50%
Real estate	10%	4.48%
Credit opportunities	13%	7.08%
Non-U.S. equity	14%	8.25%
U.S. equity	16%	6.23%
Total	100.00%	

**Pension Discount Rates** – The discount rate used to measure the PSPRS total pension liability was 7.85 percent. The projection of cash flows used to determine the PSPRS discount rates assumed that plan members 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 pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Changes in the Net Pension Liability**

PSPRS - Police	Increase (Decrease)		
	Total	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net	Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2015	\$ 37,822,347	\$ 20,174,880	\$ 17,647,467
Changes for the year:			
Service Cost	879,004		879,004
Interest on the total pension liability	2,909,607		2,909,607
Changes of benefit terms	-		-
Differences between expected and actual experience in the measurement of the pension liability	(654,635)		(654,635)
Changes of assumptions or other inputs	-		-
Contributions - employer		1,240,272	(1,240,272)
Contributions - employee		527,323	(527,323)
Net investment income		734,235	(734,235)
Benefit payments, including refunds of employee contributions	(2,393,591)	(2,393,591)	-
Administrative expense		(18,296)	18,296
Other changes		(16,165)	16,165
Net changes	740,385	73,778	666,607
Balances at June 30, 2016	\$ 38,562,732	\$ 20,248,658	\$ 18,314,074

**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 rate of 7.85 percent, 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 (6.85 percent) or 1 percentage point higher (8.85 percent) than the current rate:

PSPRS - Police	Current		
	1% Decrease	Discount Rate	1% increase
Total pension liability	\$ 43,182,551	\$ 38,562,732	\$ 34,700,244
Plan fiduciary net position	20,248,658	20,248,658	20,248,658
Net pension liability	\$ 22,933,893	\$ 18,314,074	\$ 14,451,586

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**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, 2016, the City recognized \$2,135,476 of PSPRS pension expense.

**Pension Deferred Outflows/Inflows of Resources** - At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PSPRS - Police	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 873,084
Changes of assumptions or other inputs	2,136,307	-
Net difference between projected and actual earnings on pension plan investments	658,856	612,272
City contributions subsequent to the measurement date	1,408,109	-
Total	<u>\$ 4,203,272</u>	<u>\$ 1,485,356</u>

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, 2017. 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
2016	\$ 391,589
2017	391,589
2018	391,589
2019	168,310
2020	(33,270)
Thereafter	-

**Agent plan OPEB actuarial assumptions** - The health insurance premium benefit contribution requirements for the year ended June 30, 2016, were established by the June 30, 2014, actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.



CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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.

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 2016 contribution requirements:

PSPRS - OPEB Contribution Requirements	
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
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		Percentage of		
Year Ended June 30	Annual OPEB Cost	Annual Cost Contributed	Net OPEB Obligation	
2016	\$ 10,125	100%	\$	-
2015	71,171	100%		-
2014	33,708	100%		-

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

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, 2015, along with the actuarial assumptions and methods used in those valuations follow:

	PSPRS Police
Actuarial value of assets (a)	\$ 1,021,976
Actuarial accrued liability (b)	841,758
Unfunded actuarial accrued liability (funded excess) (b) - (a)	(180,218)
Funded ratio (a)/(b)	121.41%
Annual covered payroll (c)	\$ 4,758,468
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, 2015
Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period	21 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	7.85%
Projected salary increases includes inflation at	4% - 8% for PSPRS 4% for PSPRS

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2016

NOTE 10 RESTATEMENT

Net position and fund balances as of July 1, 2015 have been restated as follows due to a correction of an error. The City had discovered an incorrect number of payments accrued for collection of City sales taxes had been recognized in the wrong fiscal years. As a result, the effect on fiscal year 2016 is as follows:

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Non-major Governmental Funds</u>
Net Position/Fund Balance as previously reported at June 30, 2015	\$ 40,636,937	\$ 9,431,862	\$ 1,430,609
Restatement -			
Correction of an error	<u>(777,475)</u>	<u>(485,239)</u>	<u>(292,236)</u>
Net Position/Fund Balance as restated, July 1, 2015	<u>\$ 39,859,462</u>	<u>\$ 8,946,623</u>	<u>\$ 1,138,373</u>



# Required Supplementary Information

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CITY OF BULLHEAD CITY, ARIZONA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget-Positive (Negative)
Budgetary fund balance, July 1, 2015	\$ 1,948,395	\$ 1,948,395	\$ 8,946,623	\$ 6,998,228
<b>RESOURCES (INFLOWS):</b>				
City tax revenue	11,447,500	11,447,500	12,859,210	1,411,710
Intergovernmental revenue	10,606,881	10,606,881	10,646,337	39,456
Charges for services	1,206,508	1,206,508	1,089,669	(116,839)
Licenses and permits	574,025	574,025	634,701	60,676
Fines and forfeitures	983,000	983,000	1,030,481	47,481
Rents	57,883	57,883	54,999	(2,884)
Investment income	5,800	5,800	6,590	790
Other revenue	175,600	175,600	212,767	37,167
Proceeds from sale of fixed assets	20,000	20,000	11,786	(8,214)
Total revenues	<u>25,077,197</u>	<u>25,077,197</u>	<u>26,546,540</u>	<u>1,469,343</u>
Other financing sources	65,000	65,000	57,394	(7,606)
Transfers in	81,533	81,533	81,533	-
Transfers out	(2,198,825)	(2,289,536)	(2,354,536)	(65,000)
Amounts available for appropriations	<u>24,973,300</u>	<u>24,882,589</u>	<u>33,277,554</u>	<u>8,394,965</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
<b>General government:</b>				
Mayor and council	103,444	103,444	93,234	10,210
City manager	228,977	228,977	218,473	10,504
Information technology	952,629	952,629	1,051,969	(99,340)
Human resources	166,079	166,079	152,500	13,579
Public information	155,820	155,820	118,387	37,433
Municipal court	1,440,221	1,440,221	1,334,860	105,361
Finance	769,811	769,811	738,670	31,141
City clerk	204,305	204,305	192,602	11,703
City attorney	1,075,768	1,075,768	991,048	84,720
Planning	185,112	189,338	189,785	(447)
Building inspections	341,642	341,642	335,850	5,792
Code enforcement	449,869	445,643	440,960	4,683
Facilities management	756,959	756,959	754,364	2,595
Public works administration	29,101	29,101	26,721	2,380
Engineering	145,389	145,389	146,335	(946)
Non-departmental	1,949,612	1,268,006	706,637	561,369
Total general government	<u>8,954,738</u>	<u>8,273,132</u>	<u>7,492,395</u>	<u>780,737</u>
<b>Public safety:</b>				
Police administration	1,472,115	1,472,115	1,522,331	(50,216)
Patrol	6,448,236	6,448,236	6,238,064	210,172
Criminal investigations	1,915,627	1,915,627	1,743,600	172,027
Support services	628,310	628,310	564,197	64,113
Emergency services	1,226,506	1,226,506	1,303,082	(76,576)
Total public safety	<u>11,690,794</u>	<u>11,690,794</u>	<u>11,371,274</u>	<u>319,520</u>

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Culture and recreation:				
Recreation	314,741	314,741	303,757	10,984
Arts and culture	14,074	14,074	17,429	(3,355)
Water activities	164,380	164,380	145,029	19,351
Athletics	251,474	251,474	123,686	127,788
Suddenlink community center	38,924	38,924	42,189	(3,265)
Parks rangers	71,036	71,036	63,087	7,949
Parks maintenance	1,819,941	1,819,941	1,798,613	21,328
Total culture and recreation	2,674,570	2,674,570	2,493,790	180,780
Economic development:				
Economic development	90,100	90,100	76,783	13,317
Total economic development	90,100	90,100	76,783	13,317
Health and welfare				
Animal control	627,616	627,616	605,795	21,821
Total Health and welfare	627,616	627,616	605,795	21,821
Debt service:				
Principal retirement	235,869	235,869	242,700	(6,831)
Interest and fiscal charges	45,319	45,319	27,553	17,766
Total debt service	281,188	281,188	270,253	10,935
Capital outlay	654,294	664,294	493,629	170,665
Total expenditures	24,345,684	23,674,078	22,803,919	1,475,954
Budgetary fund balance, June 30, 2016	\$ 627,616	\$ 1,208,511	\$ 10,473,635	\$ 6,919,011

CITY OF BULLHEAD CITY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
June 30, 2016

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 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, 2016, there was no variance between actual expenditures/expenses (budgetary) and expenditures/expenses on a GAAP basis.



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, 2016

Bullhead City Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	2015 (2014)	2014 through 2006
Total pension liability			
Service cost	\$ 879,004	\$ 890,055	Information not available
Interest on the total pension liability	2,909,607	2,556,293	
Changes on benefit terms	-	608,014	
Differences between expected and actual experience in the measurement of the pension liability	(654,635)	(554,914)	
Changes of assumptions or other inputs	-	3,458,975	
Benefit payments, including refunds of employee contributions	(2,393,591)	(2,510,581)	
Net change in total pension liability	740,385	4,447,842	
Total pension liability - beginning	37,822,347	33,374,505	
Total pension liability - ending (a)	<u>\$38,562,732</u>	<u>\$ 37,822,347</u>	
Plan fiduciary net position			
Contributions - employer	\$ 1,240,272	\$ 1,103,933	
Contributions - employee	527,323	474,532	
Net investment income	734,235	2,495,831	
Benefit payments, including refunds of employee contributions	(2,393,591)	(2,510,581)	
Administrative expense	(18,296)	(20,101)	
Other changes	(16,165)	40,640	
Net change in plan fiduciary net position	73,778	1,584,254	
Plan fiduciary net position - beginning	20,174,880	18,590,626	
Plan fiduciary net position - ending (b)	<u>\$20,248,658</u>	<u>\$ 20,174,880</u>	
City's net pension liability - ending (a) - (b)	<u>\$18,314,074</u>	<u>\$ 17,647,467</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 (CONTINUED)  
 June 30, 2016

Bullhead City Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)		
	2016 (2015)	2015 (2014)	2014 through 2006
Plan fiduciary net position as a percentage of the total pension liability	52.51%	53.34%	Information not available
Covered payroll	\$ 3,894,107	\$ 4,718,724	
City's net pension liability as a percentage of covered payroll	470.30%	373.99%	

CITY OF BULLHEAD CITY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CITY PENSION CONTRIBUTIONS  
 June 30, 2016

Bullhead City Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year			2013 through 2006
	2016	2015	2014	
Actuarially determined contribution	\$ 1,408,109	\$ 1,246,215	\$ 1,151,321	Information not available
City's contributions in relation to the actuarially determined contribution	1,408,109	1,246,215	1,151,321	
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	
City's covered payroll	\$ 3,894,107	\$ 4,718,724	\$ 4,421,356	
City's contributions as a percentage of covered payroll	36.16%	26.41%	26.04%	

CITY OF BULLHEAD CITY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO PENSION PLAN SCHEDULES  
June 30, 2016

NOTE 1 CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2016, the City implemented the provisions of GASB Statement No. 82, Pension Issues. The statement changed the measure of payroll that is required to be presented in required supplementary information from covered-employee payroll to covered payroll. Accordingly, payroll amounts presented in the pension plan schedules and related ratios for prior periods have been restated.

CITY OF BULLHEAD CITY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO PENSION PLAN SCHEDULES  
 June 30, 2016

NOTE 2 ACTUARIALY 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 closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2014 actuarial valuation	22 years for unfunded actuarial accrued liability, 20 years for excess
Asset valuation method	7-year smoothed market value; 80%/120% market
Actuarial assumptions: Investment rate of return	In the 2013 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%
Projected salary increases	In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% to 8.5% to 4.0% to 8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% to 9.0% to 4.5% to 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)

NOTE 3 FACTORS THAT AFFECT TRENDS

Changes include adjustments for prior year GASB 68 and reserve transfer to/from employer and employee reserves.

CITY OF BULLHEAD CITY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
 June 30, 2016

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						
6/30/2016	\$1,021,976	\$ 841,758	\$ (180,218)	121.41%	\$ 4,758,468	0.00%
6/30/2015	939,141	898,176	(40,965)	104.56%	4,626,038	0.00%
6/30/2014	-	948,707	948,707	0.00%	4,702,408	20.17%

The health insurance subsidy payment reported for FY 2015 was \$33,697

CITY OF BULLHEAD CITY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
June 30, 2016

NOTE 1 FACTORS THAT AFFECT THE IDENTIFICATION OF TRENDS

Beginning in fiscal year 2014, PSPRS established separate funds for pension benefits and health insurance premium benefits. Previously, the plan recorded both pension and health insurance premium contributions in the same Pension Fund. During fiscal year 2014, the plans transferred prior-year health insurance premium benefit contributions that exceeded benefit payments from each plan's Pension Fund to the new Health Insurance Fund.





# **Other Supplementary Information**

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**COMBINING NON-MAJOR FUND FINANCIAL STATEMENTS**

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING BALANCE SHEET  
 ALL NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE  
 June 30, 2016

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,298,474	\$ 1,598,900	\$ 52,881	\$ 2,950,255
Restricted cash	104,463	379,392	1,693,251	2,177,106
Receivables, net of allowances for uncollectibles:				
Accounts	318,579	25,173	-	343,752
Intergovernmental	534,493	35,612	-	570,105
Special assessments receivable	-	-	1,807	1,807
<b>Total assets</b>	<b>\$ 2,256,009</b>	<b>\$ 2,039,077</b>	<b>\$ 1,747,939</b>	<b>\$ 6,043,025</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 100,498	\$ 122,452	\$ -	\$ 222,950
Accrued payroll and related liabilities	81,741	11,786	-	93,527
Due to other funds	985,377	-	1,150,849	2,136,226
Other liabilities	1,544	4,748	-	6,292
Unearned revenue	130,108	-	-	130,108
Interest payable	-	-	105,137	105,137
Matured bonds payable	-	-	1,587,835	1,587,835
<b>Total liabilities</b>	<b>1,299,268</b>	<b>138,986</b>	<b>2,843,821</b>	<b>4,282,075</b>
Deferred inflows of resources				
Unavailable revenue - special assessments	20,200	36,162	-	56,362
<b>Total deferred inflows of resources</b>	<b>20,200</b>	<b>36,162</b>	<b>-</b>	<b>56,362</b>
<b>FUND BALANCES</b>				
Restricted				
Highways and streets	-	20,244	-	20,244
Community development	1,299,971	-	-	1,299,971
Public safety	175,579	-	-	175,579
Capital projects	-	1,843,685	-	1,843,685
Debt service	-	-	53,259	53,259
Other purposes	44,014	-	-	44,014
Unassigned	(583,023)	-	(1,149,141)	(1,732,164)
<b>Total fund balances</b>	<b>936,541</b>	<b>1,863,929</b>	<b>(1,095,882)</b>	<b>1,704,588</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 2,256,009</b>	<b>\$ 2,039,077</b>	<b>\$ 1,747,939</b>	<b>\$ 6,043,025</b>

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, 2016

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
REVENUES				
City tax revenue	\$ -	\$ -	\$ -	\$ -
Intergovernmental	4,732,559	793,094	-	5,525,653
Charges for services	1,634,535	-	-	1,634,535
Special assessments	68,063	61,000	-	129,063
Fines and forfeitures	129,116	-	-	129,116
Investment earnings	953	1,889	818	3,660
Other revenues	418,643	452,311	28	870,982
Total revenues	<u>6,983,869</u>	<u>1,308,294</u>	<u>846</u>	<u>8,293,009</u>
EXPENDITURES				
Current:				
General government	1,721,551	-	-	1,721,551
Public safety	150,386	-	-	150,386
Culture and recreation	1,012,656	153,921	-	1,166,577
Redevelopment and housing	420,094	-	-	420,094
Highways and streets	2,237,711	1,847,198	32	4,084,941
Health and welfare	313,601	-	-	313,601
Debt service:				
Principal	66,795	-	1,437,836	1,504,631
Interest and fiscal charges	750	-	211,981	212,731
Bond issuance costs	-	-	54,000	54,000
Capital outlay	100,712	1,725,334	-	1,826,046
Total expenditures	<u>6,024,256</u>	<u>3,726,453</u>	<u>1,703,849</u>	<u>11,454,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>959,613</u>	<u>(2,418,159)</u>	<u>(1,703,003)</u>	<u>(3,161,549)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	7,219	58,896	-	66,115
Proceeds from issuance of bonds	-	1,510,400	-	1,510,400
Refunding bonds issued	-	-	2,712,236	2,712,236
Payment to refunded bond escrow agent	-	-	(2,622,653)	(2,622,653)
Transfers in	1,238,376	1,373,299	1,665,946	4,277,621
Transfers out	(2,202,629)	(13,326)	-	(2,215,955)
Total other financing (uses) sources	<u>(957,034)</u>	<u>2,929,269</u>	<u>1,755,529</u>	<u>3,727,764</u>
Net change in fund balances	<u>2,579</u>	<u>511,110</u>	<u>52,526</u>	<u>566,215</u>
Fund balances - beginning of year	1,226,198	1,352,819	(1,148,408)	1,430,609
Restated	(292,236)	-	-	(292,236)
Fund balances, beginning of year - restated	<u>933,962</u>	<u>1,352,819</u>	<u>(1,148,408)</u>	<u>1,138,373</u>
Fund balances - end of year	<u>\$ 936,541</u>	<u>\$ 1,863,929</u>	<u>\$ (1,095,882)</u>	<u>\$ 1,704,588</u>





# Other Supplementary Information

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## SPECIAL REVENUE FUNDS

- **Highway User Revenue Fund (HURF)** - 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.
- **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.
- **River Regatta** - This fund is used to account for the activities related to the City's annual River Regatta.
- **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, 2016

	HURF	RICO	Housing	Arts Commission
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 6,857	\$ 52	\$ 11,628
Restricted cash	10,668	92,187	-	-
Receivables, net of allowances for uncollectibles:				
Accounts	290	-	-	-
Intergovernmental	318,400	-	-	-
<b>Total assets</b>	<b>\$ 329,358</b>	<b>\$ 99,044</b>	<b>\$ 52</b>	<b>\$ 11,628</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 25,852	\$ 213	\$ -	\$ -
Accrued payroll and related liabilities	42,515	-	-	-
Due to other funds	280,426	-	-	-
Other liabilities	1,001	-	-	288
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>349,794</b>	<b>213</b>	<b>-</b>	<b>288</b>
Deferred inflows of resources				
Unavailable revenue - special assessments	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted				
Community development	-	-	52	11,340
Public safety	-	98,831	-	-
Capital projects	-	-	-	-
Other purposes	-	-	-	-
Unassigned	(20,436)	-	-	-
<b>Total fund balances</b>	<b>(20,436)</b>	<b>98,831</b>	<b>52</b>	<b>11,340</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 329,358</b>	<b>\$ 99,044</b>	<b>\$ 52</b>	<b>\$ 11,628</b>



Special Assessments Administration	JCEF	Water Impost	Transit	REO	Court Enhancement	Fill the Gap
\$ 78,772	\$ 38,300	\$ 1,103,347	\$ -	\$ -	\$ 34,247	\$ 7,719
-	-	-	-	-	1,608	-
-	-	127,055	1,254	-	-	1,798
-	-	-	177,075	-	-	-
<u>\$ 78,772</u>	<u>\$ 38,300</u>	<u>\$ 1,230,402</u>	<u>\$ 178,329</u>	<u>\$ -</u>	<u>\$ 35,855</u>	<u>\$ 9,517</u>
\$ 11	\$ -	\$ 11,860	\$ 18,629	\$ -	\$ 2,666	\$ -
-	-	8,724	19,770	-	1,055	-
-	-	-	93,505	383,018	-	-
-	-	-	5	40	-	-
-	-	-	130,108	-	-	-
11	-	20,584	262,017	383,058	3,721	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
78,761	-	1,209,818	-	-	-	-
-	38,300	-	-	-	32,134	-
-	-	-	-	-	-	-
-	-	-	-	-	-	9,517
-	-	-	(83,688)	(383,058)	-	-
<u>78,761</u>	<u>38,300</u>	<u>1,209,818</u>	<u>(83,688)</u>	<u>(383,058)</u>	<u>32,134</u>	<u>9,517</u>
<u>\$ 78,772</u>	<u>\$ 38,300</u>	<u>\$ 1,230,402</u>	<u>\$ 178,329</u>	<u>\$ -</u>	<u>\$ 35,855</u>	<u>\$ 9,517</u>

(Continued)

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 June 30, 2016

	CDBG/HTF	River Regatta	Veterans Memorial Park	FARE
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 6,144	\$ 9,004
Restricted cash	-	-	-	-
Receivables, net of allowances for uncollectibles:				
Accounts	-	141,450	-	-
Intergovernmental	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 141,450</b>	<b>\$ 6,144</b>	<b>\$ 9,004</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 22,199	\$ 1,375	\$ -	\$ -
Accrued payroll and related liabilities	2,324	2,454	-	-
Due to other funds	62,229	125,323	-	-
Other liabilities	195	15	-	-
Unearned revenue	-	-	-	-
<b>Total liabilities</b>	<b>86,947</b>	<b>129,167</b>	<b>-</b>	<b>-</b>
Deferred inflows of resources				
Unavailable revenue - special assessments	-	20,200	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>20,200</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted				
Community development	-	-	-	-
Public safety	-	-	-	-
Capital projects	-	-	-	-
Other purposes	-	-	6,144	9,004
Unassigned	(86,947)	(7,917)	-	-
<b>Total fund balances</b>	<b>(86,947)</b>	<b>(7,917)</b>	<b>6,144</b>	<b>9,004</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ -</b>	<b>\$ 141,450</b>	<b>\$ 6,144</b>	<b>\$ 9,004</b>

Pest Abatement	Victim Services Grants	Police Grants	General Grants	Senior Nutrition Center	Total
\$ -	\$ (1,084)	\$ -	\$ 3,488	\$ -	\$ 1,298,474
-	-	-	-	-	104,463
-	-	-	-	46,732	318,579
-	29,262	9,756	-	-	534,493
<u>\$ -</u>	<u>\$ 28,178</u>	<u>\$ 9,756</u>	<u>\$ 3,488</u>	<u>\$ 46,732</u>	<u>\$ 2,256,009</u>
\$ -	\$ 488	\$ -	\$ -	\$ 17,205	\$ 100,498
277	2,205	-	-	2,417	81,741
-	26,185	3,442	-	11,249	985,377
-	-	-	-	-	1,544
-	-	-	-	-	130,108
277	28,878	3,442	-	30,871	1,299,268
-	-	-	-	-	20,200
-	-	-	-	-	20,200
-	-	-	-	-	1,299,971
-	-	6,314	-	-	175,579
-	-	-	-	-	-
-	-	-	3,488	15,861	44,014
(277)	(700)	-	-	-	(583,023)
<u>(277)</u>	<u>(700)</u>	<u>6,314</u>	<u>3,488</u>	<u>15,861</u>	<u>936,541</u>
<u>\$ -</u>	<u>\$ 28,178</u>	<u>\$ 9,756</u>	<u>\$ 3,488</u>	<u>\$ 46,732</u>	<u>\$ 2,256,009</u>

(Concluded)

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 Year Ended June 30, 2016

	HURF	RICO	Housing	Arts Commission
<b>REVENUES</b>				
Intergovernmental	\$ 3,543,482	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Special assessments	-	-	-	-
Fines and forfeitures	-	72,416	-	-
Investment earnings	50	(1,049)	13	16
Other revenues	14,270	6,112	(41,637)	23
Total revenues	<u>3,557,802</u>	<u>77,479</u>	<u>(41,624)</u>	<u>39</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	64,890	-	-
Culture and recreation	-	-	-	-
Redevelopment and housing	-	-	-	-
Highways and streets	2,237,711	-	-	-
Health and welfare	-	-	-	-
Debt service:				
Principal	66,795	-	-	-
Interest and fiscal charges	750	-	-	-
Capital outlay	13,912	-	-	-
Total expenditures	<u>2,319,168</u>	<u>64,890</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,238,634</u>	<u>12,589</u>	<u>(41,624)</u>	<u>39</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	-
Transfers in	840,984	-	-	-
Transfers out	(2,165,205)	-	-	-
Total other financing (uses) sources	<u>(1,324,221)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(85,587)</u>	<u>12,589</u>	<u>(41,624)</u>	<u>39</u>
Fund balances - beginning of year	357,387	86,242	41,676	11,301
Restated	(292,236)	-	-	-
Fund balances, beginning of year - restated	<u>65,151</u>	<u>86,242</u>	<u>41,676</u>	<u>11,301</u>
Fund balances - end of year	<u>\$ (20,436)</u>	<u>\$ 98,831</u>	<u>\$ 52</u>	<u>\$ 11,340</u>

Special Assessments Administration	JCEF	Water Impost	Transit	REO	Court Enhancement	Fill the Gap
\$ -	\$ -	\$ -	\$ 587,725	\$ -	\$ -	\$ -
-	-	471,526	179,695	-	-	-
68,063	-	-	-	-	-	-
-	13,113	-	-	-	34,515	6,195
108	47	1,657	-	-	71	7
459	65	2	43,696	1,809	1,615	13
<u>68,630</u>	<u>13,225</u>	<u>473,185</u>	<u>811,116</u>	<u>1,809</u>	<u>36,201</u>	<u>6,215</u>
29,526	395	563,314	1,050,089	4,372	71,282	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,020	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	86,800	-	-	-
<u>29,526</u>	<u>395</u>	<u>563,314</u>	<u>1,136,889</u>	<u>7,392</u>	<u>71,282</u>	<u>-</u>
39,104	12,830	(90,129)	(325,773)	(5,583)	(35,081)	6,215
-	-	-	-	7,219	-	-
-	-	-	296,932	-	-	-
<u>(37,424)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(37,424)</u>	<u>-</u>	<u>-</u>	<u>296,932</u>	<u>7,219</u>	<u>-</u>	<u>-</u>
<u>1,680</u>	<u>12,830</u>	<u>(90,129)</u>	<u>(28,841)</u>	<u>1,636</u>	<u>(35,081)</u>	<u>6,215</u>
<u>77,081</u>	<u>25,470</u>	<u>1,299,947</u>	<u>(54,847)</u>	<u>(384,694)</u>	<u>67,215</u>	<u>3,302</u>
-	-	-	-	-	-	-
<u>77,081</u>	<u>25,470</u>	<u>1,299,947</u>	<u>(54,847)</u>	<u>(384,694)</u>	<u>67,215</u>	<u>3,302</u>
<u>\$ 78,761</u>	<u>\$ 38,300</u>	<u>\$ 1,209,818</u>	<u>\$ (83,688)</u>	<u>\$ (383,058)</u>	<u>\$ 32,134</u>	<u>\$ 9,517</u>

(Continued)

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 Year Ended June 30, 2016

REVENUES	CDBG/HTF	River Regatta	Veterans Memorial Park	FARE
Intergovernmental	\$ 350,380	\$ -	\$ -	\$ -
Charges for services	-	983,314	-	-
Special assessments	-	-	-	-
Fines and forfeitures	-	-	-	2,877
Investment earnings	-	2	9	15
Other revenues	-	343,219	-	-
Total revenues	<u>350,380</u>	<u>1,326,535</u>	<u>9</u>	<u>2,892</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	2,296
Public safety	-	-	-	-
Culture and recreation	-	1,011,391	-	-
Redevelopment and housing	417,074	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay				
Total expenditures	<u>417,074</u>	<u>1,011,391</u>	<u>-</u>	<u>2,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(66,694)</u>	<u>315,144</u>	<u>9</u>	<u>596</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
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>(66,694)</u>	<u>315,144</u>	<u>9</u>	<u>596</u>
Fund balances - beginning of year	(20,253)	(323,061)	6,135	8,408
Restated	-	-	-	-
Fund balances, beginning of year - restated	<u>(20,253)</u>	<u>(323,061)</u>	<u>6,135</u>	<u>8,408</u>
Fund balances - end of year	<u>\$ (86,947)</u>	<u>\$ (7,917)</u>	<u>\$ 6,144</u>	<u>\$ 9,004</u>

Pest Abatement	Victim Services Grants	Police Grants	General Grants	Senior Nutrition Center	Total
\$ -	\$ 76,816	\$ 10,839	\$ 360	\$ 162,957	\$ 4,732,559
-	-	-	-	-	1,634,535
-	-	-	-	-	68,063
-	-	-	-	-	129,116
-	-	2	5	-	953
-	-	-	1,029	47,968	418,643
-	76,816	10,841	1,394	210,925	6,983,869
277	-	-	-	-	1,721,551
-	77,517	7,979	-	-	150,386
-	-	-	1,265	-	1,012,656
-	-	-	-	-	420,094
-	-	-	-	-	2,237,711
-	-	-	-	313,601	313,601
-	-	-	-	-	66,795
-	-	-	-	-	750
-	-	-	-	-	100,712
277	77,517	7,979	1,265	313,601	6,024,256
(277)	(701)	2,862	129	(102,676)	959,613
-	-	-	-	-	7,219
-	-	-	-	100,460	1,238,376
-	-	-	-	-	(2,202,629)
-	-	-	-	100,460	(957,034)
(277)	(701)	2,862	129	(2,216)	2,579
-	1	3,452	3,359	18,077	1,226,198
-	-	-	-	-	(292,236)
-	1	3,452	3,359	18,077	933,962
\$ (277)	\$ (700)	\$ 6,314	\$ 3,488	\$ 15,861	\$ 936,541

(Concluded)





# Other Supplementary Information

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## 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, 2016

	Street Lighting Improvement Districts	Capital Projects Funds	Flood Control Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 34,261	\$ 373,912	\$ 1,190,727	\$ 1,598,900
Restricted cash	-	379,392	-	379,392
Receivables, net of allowances for uncollectibles:				
Accounts	25,173	-	-	25,173
Intergovernmental	-	35,612	-	35,612
<b>Total assets</b>	<b>\$ 59,434</b>	<b>\$ 788,916</b>	<b>\$ 1,190,727</b>	<b>\$ 2,039,077</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,943	\$ 110,215	\$ 9,294	\$ 122,452
Accrued payroll and related liabilities	85	-	11,701	11,786
Other liabilities	-	-	4,748	4,748
<b>Total liabilities</b>	<b>3,028</b>	<b>110,215</b>	<b>25,743</b>	<b>138,986</b>
Deferred inflows of resources				
Unavailable revenue - special assessments	36,162	-	-	36,162
<b>Total deferred inflows of resources</b>	<b>36,162</b>	<b>-</b>	<b>-</b>	<b>36,162</b>
<b>FUND BALANCES</b>				
Restricted				
Highways and streets	20,244	-	-	20,244
Capital projects	-	678,701	1,164,984	1,843,685
<b>Total fund balances</b>	<b>20,244</b>	<b>678,701</b>	<b>1,164,984</b>	<b>1,863,929</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 59,434</b>	<b>\$ 788,916</b>	<b>\$ 1,190,727</b>	<b>\$ 2,039,077</b>

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 Year Ended June 30, 2016

	Street Lighting Improvement Districts	Capital Projects Funds	Flood Control Fund	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ (8,861)	\$ 801,955	\$ 793,094
Special assessments	61,000	-	-	61,000
Investment earnings	37	571	1,281	1,889
Other revenues	-	451,544	767	452,311
Total revenues	<u>61,037</u>	<u>443,254</u>	<u>804,003</u>	<u>1,308,294</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	-	153,921	-	153,921
Highways and streets	60,055	1,114,406	672,737	1,847,198
Capital outlay	-	1,440,131	285,203	1,725,334
Total expenditures	<u>60,055</u>	<u>2,708,458</u>	<u>957,940</u>	<u>3,726,453</u>
Excess (deficiency) of revenues over (under) expenditures	<u>982</u>	<u>(2,265,204)</u>	<u>(153,937)</u>	<u>(2,418,159)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	58,896	-	58,896
Proceeds from issuance of bonds	-	1,510,400	-	1,510,400
Transfers in	-	1,373,299	-	1,373,299
Transfers out	-	-	(13,326)	(13,326)
Total other financing (uses) sources	<u>-</u>	<u>2,942,595</u>	<u>(13,326)</u>	<u>2,929,269</u>
Net change in fund balances	<u>982</u>	<u>677,391</u>	<u>(167,263)</u>	<u>511,110</u>
Fund balances - beginning of year	19,262	1,310	1,332,247	1,352,819
Fund balances - end of year	<u>\$ 20,244</u>	<u>\$ 678,701</u>	<u>\$ 1,164,984</u>	<u>\$ 1,863,929</u>

# Other Supplementary Information

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## 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, 2016

ASSETS	Debt Service	Bullhead Parkway Improvement District	East Branch Sewer Improvement District	Excise Revenue Bond Refunding	Total
Cash and cash equivalents	\$ 537	\$ -	\$ -	\$ 52,344	\$ 52,881
Restricted cash	278	-	-	1,692,973	1,693,251
Special assessments receivable	-	1,098	709	-	1,807
<b>Total assets</b>	<b>\$ 815</b>	<b>\$ 1,098</b>	<b>\$ 709</b>	<b>\$ 1,745,317</b>	<b>\$ 1,747,939</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ 1,150,239	\$ 610	\$ -	\$ 1,150,849
Interest payable	-	-	-	105,137	105,137
Matured bonds payable	-	-	-	1,587,835	1,587,835
<b>Total liabilities</b>	<b>-</b>	<b>1,150,239</b>	<b>610</b>	<b>1,692,972</b>	<b>2,843,821</b>
<b>FUND BALANCES</b>					
Restricted					
Debt service	815	-	99	52,345	53,259
Unassigned	-	(1,149,141)	-	-	(1,149,141)
<b>Total fund balances</b>	<b>815</b>	<b>(1,149,141)</b>	<b>99</b>	<b>52,345</b>	<b>(1,095,882)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 815</b>	<b>\$ 1,098</b>	<b>\$ 709</b>	<b>\$ 1,745,317</b>	<b>\$ 1,747,939</b>

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUNDS  
 Year Ended June 30, 2016

	Debt Service	Bullhead Parkway Improvement District	East Branch Sewer Improvement District	Excise Revenue Bond Refunding	Total
<b>REVENUES</b>					
Investment earnings	\$ 809	\$ -	\$ -	\$ 9	\$ 818
Other revenues	-	-	28	-	28
Total revenues	<u>809</u>	<u>-</u>	<u>28</u>	<u>9</u>	<u>846</u>
<b>EXPENDITURES</b>					
Current:					
Highways and streets	-	32	-	-	32
Debt service:					
Principal	-	-	-	1,437,836	1,437,836
Interest and fiscal charges	35,583	-	-	176,398	211,981
Bond issuance costs	54,000	-	-	-	54,000
Total expenditures	<u>89,583</u>	<u>32</u>	<u>-</u>	<u>1,614,234</u>	<u>1,703,849</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,774)</u>	<u>(32)</u>	<u>28</u>	<u>(1,614,225)</u>	<u>(1,703,003)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunding bonds issued	2,712,236	-	-	-	2,712,236
Payment to refunded bond escrow agent	(2,622,653)	-	-	-	(2,622,653)
Transfers in	-	-	-	1,665,946	1,665,946
Total other financing (uses) sources	<u>89,583</u>	<u>-</u>	<u>-</u>	<u>1,665,946</u>	<u>1,755,529</u>
Net change in fund balances	<u>809</u>	<u>(32)</u>	<u>28</u>	<u>51,721</u>	<u>52,526</u>
Fund balances - beginning of year	<u>6</u>	<u>(1,149,109)</u>	<u>71</u>	<u>624</u>	<u>(1,148,408)</u>
Fund balances - end of year	<u>\$ 815</u>	<u>\$ (1,149,141)</u>	<u>\$ 99</u>	<u>\$ 52,345</u>	<u>\$ (1,095,882)</u>



# **Other Supplementary Information**

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## **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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 3,683,014	\$ 3,683,014	\$ 3,623,070	\$ (59,944)
Investment earnings	825	825	3,193	2,368
Other revenues	-	-	1,199	1,199
Total revenues	<u>3,683,839</u>	<u>3,683,839</u>	<u>3,627,462</u>	<u>(56,377)</u>
EXPENDITURES				
Current:				
General government	105,331	105,331	105,331	-
Debt service:				
Principal	3,147,542	3,147,542	3,147,542	-
Interest and fiscal charges	500,930	500,930	500,930	-
Total expenditures	<u>3,753,803</u>	<u>3,753,803</u>	<u>3,753,803</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(69,964)</u>	<u>(69,964)</u>	<u>(126,341)</u>	<u>(56,377)</u>
Net change in fund balances	(69,964)	(69,964)	(126,341)	(56,377)
Fund balances - beginning of year	<u>2,108,401</u>	<u>2,108,401</u>	<u>2,082,700</u>	<u>(25,701)</u>
Fund balances - end of year	<u>\$ 2,038,437</u>	<u>\$ 2,038,437</u>	<u>\$ 1,956,359</u>	<u>\$ (82,078)</u>



# **Other Supplementary Information**

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## **BUDGETARY SCHEDULES**

### **NON-MAJOR SPECIAL REVENUE FUNDS**



CITY OF BULLHEAD CITY, ARIZONA  
HURF FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 3,475,007	\$ 3,475,007	\$ 3,543,482	\$ 68,475
Investment earnings	-	-	50	50
Other revenues	21,218	21,218	14,270	(6,948)
Total revenues	<u>3,496,225</u>	<u>3,496,225</u>	<u>3,557,802</u>	<u>61,577</u>
EXPENDITURES				
Current:				
Highways and streets	2,365,396	2,351,396	2,237,711	113,685
Debt service:				
Principal	62,090	62,090	66,795	(4,705)
Interest and fiscal charges	5,455	5,455	750	4,705
Capital outlay	-	14,000	13,912	88
Total expenditures	<u>2,432,941</u>	<u>2,432,941</u>	<u>2,319,168</u>	<u>113,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,063,284</u>	<u>1,063,284</u>	<u>1,238,634</u>	<u>175,350</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	840,984	840,984	840,984	-
Transfers out	(2,165,205)	(2,165,205)	(2,165,205)	-
Total other financing sources (uses)	<u>(1,324,221)</u>	<u>(1,324,221)</u>	<u>(1,324,221)</u>	<u>-</u>
Net change in fund balances	(260,937)	(260,937)	(85,587)	175,350
Fund balances - beginning of year	<u>260,937</u>	<u>260,937</u>	<u>357,387</u>	<u>96,450</u>
Restated	<u>-</u>	<u>-</u>	<u>(292,236)</u>	<u>(292,236)</u>
Fund balances, beginning of year - restated	<u>260,937</u>	<u>260,937</u>	<u>65,151</u>	<u>(195,786)</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,436)</u>	<u>\$ (20,436)</u>

CITY OF BULLHEAD CITY, ARIZONA  
RICO FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 72,416	\$ 72,416
Investment earnings	-	-	(1,049)	(1,049)
Other revenues	-	-	6,112	6,112
Total revenues	-	-	77,479	77,479
EXPENDITURES				
Current:				
Public safety	72,602	72,602	64,890	7,712
Total expenditures	72,602	72,602	64,890	7,712
Excess (deficiency) of revenues over (under) expenditures	(72,602)	(72,602)	12,589	85,191
Fund balances - beginning of year	72,602	72,602	86,242	13,640
Fund balances - end of year	\$ -	\$ -	\$ 98,831	\$ 98,831



CITY OF BULLHEAD CITY, ARIZONA  
HOUSING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 13	\$ 13
Other revenues	-	-	(41,637)	(41,637)
Total revenues	-	-	(41,624)	(41,624)
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	(41,624)	(41,624)
Fund balances - beginning of year	-	-	41,676	41,676
Fund balances - end of year	\$ -	\$ -	\$ 52	\$ 52

CITY OF BULLHEAD CITY, ARIZONA  
 ARTS COMMISSION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 16	\$ 16
Other revenues	-	-	23	23
Total revenues	-	-	39	39
EXPENDITURES				
Current:				
Culture and recreation	11,234	11,234	-	11,234
Total expenditures	11,234	11,234	-	11,234
Excess (deficiency) of revenues over (under) expenditures	(11,234)	(11,234)	39	11,273
Fund balances - beginning of year	11,234	11,234	11,301	67
Fund balances - end of year	\$ -	\$ -	\$ 11,340	\$ 11,340

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 72,000	\$ 72,000	\$ 68,063	\$ (3,937)
Investment earnings	400	400	108	(292)
Other revenues	-	-	459	459
Total revenues	<u>72,400</u>	<u>72,400</u>	<u>68,630</u>	<u>(3,770)</u>
EXPENDITURES				
Current:				
General government	97,840	97,840	29,526	68,314
Total expenditures	<u>97,840</u>	<u>97,840</u>	<u>29,526</u>	<u>68,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,440)</u>	<u>(25,440)</u>	<u>39,104</u>	<u>64,544</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(37,424)</u>	<u>(37,424)</u>	<u>(37,424)</u>	<u>-</u>
Total other financing sources (uses)	<u>(37,424)</u>	<u>(37,424)</u>	<u>(37,424)</u>	<u>-</u>
Net change in fund balances	(62,864)	(62,864)	1,680	64,544
Fund balances - beginning of year	<u>62,864</u>	<u>62,864</u>	<u>77,081</u>	<u>14,217</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,761</u>	<u>\$ 78,761</u>

CITY OF BULLHEAD CITY, ARIZONA

JCEF FUND

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

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 13,400	\$ 13,400	\$ 13,113	\$ (287)
Investment earnings	-	-	47	47
Other revenues	-	-	65	65
Total revenues	<u>13,400</u>	<u>13,400</u>	<u>13,225</u>	<u>(175)</u>
EXPENDITURES				
Current:				
General government	37,939	37,939	395	37,544
Total expenditures	<u>37,939</u>	<u>37,939</u>	<u>395</u>	<u>37,544</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,539)</u>	<u>(24,539)</u>	<u>12,830</u>	<u>37,369</u>
Fund balances - beginning of year	<u>23,939</u>	<u>23,939</u>	<u>25,470</u>	<u>1,531</u>
Fund balances - end of year	<u>\$ (600)</u>	<u>\$ (600)</u>	<u>\$ 38,300</u>	<u>\$ 38,900</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 465,000	\$ 465,000	\$ 471,526	\$ 6,526
Investment earnings	500	500	1,657	1,157
Other revenues	-	-	2	2
Total revenues	<u>465,500</u>	<u>465,500</u>	<u>473,185</u>	<u>7,685</u>
EXPENDITURES				
Current:				
General government	922,044	922,044	563,314	358,730
Total expenditures	<u>922,044</u>	<u>922,044</u>	<u>563,314</u>	<u>358,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(456,544)</u>	<u>(456,544)</u>	<u>(90,129)</u>	<u>366,415</u>
Fund balances - beginning of year	<u>457,044</u>	<u>457,044</u>	<u>1,299,947</u>	<u>842,903</u>
Fund balances - end of year	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 1,209,818</u>	<u>\$ 1,209,318</u>

CITY OF BULLHEAD CITY, ARIZONA  
TRANSIT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 729,507	\$ 729,507	\$ 587,725	\$ (141,782)
Charges for services	178,000	178,000	179,695	1,695
Other revenues	61,300	61,300	43,696	(17,604)
Total revenues	<u>968,807</u>	<u>968,807</u>	<u>811,116</u>	<u>(157,691)</u>
EXPENDITURES				
Current:				
General government	1,062,379	1,062,379	1,050,089	12,290
Capital outlay	184,700	184,700	86,800	97,900
Total expenditures	<u>1,247,079</u>	<u>1,247,079</u>	<u>1,136,889</u>	<u>110,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(278,272)</u>	<u>(278,272)</u>	<u>(325,773)</u>	<u>(47,501)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	296,932	296,932	296,932	-
Total other financing sources (uses)	<u>296,932</u>	<u>296,932</u>	<u>296,932</u>	<u>-</u>
Net change in fund balances	18,660	18,660	(28,841)	(47,501)
Fund balances - beginning of year	-	-	(54,847)	(54,847)
Fund balances - end of year	<u>\$ 18,660</u>	<u>\$ 18,660</u>	<u>\$ (83,688)</u>	<u>\$ (102,348)</u>

CITY OF BULLHEAD CITY, ARIZONA

REO FUND

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

Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Other revenues	\$ -	\$ -	\$ 1,809	\$ 1,809
Total revenues	-	-	1,809	1,809
EXPENDITURES				
Current:				
General government	5,000	5,000	4,372	628
Redevelopment and housing	1,565	1,565	3,020	(1,455)
Total expenditures	6,565	6,565	7,392	(827)
Excess (deficiency) of revenues over (under) expenditures	(6,565)	(6,565)	(5,583)	982
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	5,000	5,000	7,219	2,219
Total other financing sources (uses)	5,000	5,000	7,219	2,219
Net change in fund balances	(1,565)	(1,565)	1,636	3,201
Fund balances - beginning of year	-	-	(384,694)	(384,694)
Fund balances - end of year	\$ (1,565)	\$ (1,565)	\$ (383,058)	\$ (381,493)

CITY OF BULLHEAD CITY, ARIZONA  
 COURT ENHANCEMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 30,291	\$ 30,291	\$ 34,515	\$ 4,224
Investment earnings	-	-	71	71
Other revenues	-	-	1,615	1,615
Total revenues	<u>30,291</u>	<u>30,291</u>	<u>36,201</u>	<u>5,910</u>
EXPENDITURES				
Current:				
General government	91,312	91,312	71,282	20,030
Total expenditures	<u>91,312</u>	<u>91,312</u>	<u>71,282</u>	<u>20,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(61,021)</u>	<u>(61,021)</u>	<u>(35,081)</u>	<u>25,940</u>
Fund balances - beginning of year	<u>61,021</u>	<u>61,021</u>	<u>67,215</u>	<u>6,194</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,134</u>	<u>\$ 32,134</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 6,128	\$ 6,128	\$ 6,195	\$ 67
Investment earnings	-	-	7	7
Other revenues	-	-	13	13
Total revenues	<u>6,128</u>	<u>6,128</u>	<u>6,215</u>	<u>87</u>
EXPENDITURES				
Current:				
General government	6,128	6,128	-	6,128
Total expenditures	<u>6,128</u>	<u>6,128</u>	<u>-</u>	<u>6,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>6,215</u>	<u>6,215</u>
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>3,302</u>	<u>3,302</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,517</u>	<u>\$ 9,517</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 762,723	\$ 762,723	\$ 350,380	\$ (412,343)
Total revenues	<u>762,723</u>	<u>762,723</u>	<u>350,380</u>	<u>(412,343)</u>
EXPENDITURES				
Current:				
Redevelopment and housing	<u>762,722</u>	<u>762,722</u>	<u>417,074</u>	<u>345,648</u>
Total expenditures	<u>762,722</u>	<u>762,722</u>	<u>417,074</u>	<u>345,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>1</u>	<u>(66,694)</u>	<u>(66,695)</u>
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>(20,253)</u>	<u>(20,253)</u>
Fund balances - end of year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (86,947)</u>	<u>\$ (86,948)</u>

CITY OF BULLHEAD CITY, ARIZONA  
RIVER REGATTA FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 948,212	\$ 948,212	\$ 983,314	\$ 35,102
Investment earnings	-	-	2	2
Other revenues	271,915	271,915	343,219	71,304
Total revenues	<u>1,220,127</u>	<u>1,220,127</u>	<u>1,326,535</u>	<u>106,408</u>
EXPENDITURES				
Current:				
Culture and recreation	1,014,950	1,014,950	1,011,391	3,559
Total expenditures	<u>1,014,950</u>	<u>1,014,950</u>	<u>1,011,391</u>	<u>3,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>205,177</u>	<u>205,177</u>	<u>315,144</u>	<u>109,967</u>
Fund balances - beginning of year	-	-	(323,061)	(323,061)
Fund balances - end of year	<u>\$ 205,177</u>	<u>\$ 205,177</u>	<u>\$ (7,917)</u>	<u>\$ (213,094)</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 9	\$ 9
Total revenues	-	-	9	9
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	9	9
Fund balances - beginning of year	-	-	6,135	6,135
Fund balances - end of year	\$ -	\$ -	\$ 6,144	\$ 6,144

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 3,100	\$ 3,100	\$ 2,877	\$ (223)
Investment earnings	-	-	15	15
Total revenues	<u>3,100</u>	<u>3,100</u>	<u>2,892</u>	<u>(208)</u>
EXPENDITURES				
Current:				
Culture and recreation	-	-	-	-
Total expenditures	<u>11,233</u>	<u>11,233</u>	<u>2,296</u>	<u>8,937</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,133)</u>	<u>(8,133)</u>	<u>596</u>	<u>8,729</u>
Fund balances - beginning of year	<u>8,133</u>	<u>8,133</u>	<u>8,408</u>	<u>275</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,004</u>	<u>\$ 9,004</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
City tax revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
General government	-	-	277	(277)
Total expenditures	-	-	277	(277)
Excess (deficiency) of revenues over (under) expenditures	-	-	(277)	(277)
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ (277)	\$ (277)

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 92,793	\$ 92,793	\$ 76,816	\$ (15,977)
Total revenues	92,793	92,793	76,816	(15,977)
EXPENDITURES				
Current:				
Public safety	92,793	92,793	77,517	15,276
Total expenditures	92,793	92,793	77,517	15,276
Excess (deficiency) of revenues over (under) expenditures	-	-	(701)	(701)
Fund balances - beginning of year	-	-	1	1
Fund balances - end of year	\$ -	\$ -	\$ (700)	\$ (700)

CITY OF BULLHEAD CITY, ARIZONA  
POLICE GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 18,759	\$ 18,759	\$ 10,839	\$ (7,920)
Investment earnings	-	-	2	2
Other revenues	100,000	100,000	-	(100,000)
Total revenues	<u>118,759</u>	<u>118,759</u>	<u>10,841</u>	<u>(107,918)</u>
EXPENDITURES				
Current:				
Public safety	118,759	118,759	7,979	110,780
Total expenditures	<u>118,759</u>	<u>118,759</u>	<u>7,979</u>	<u>110,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>2,862</u>	<u>2,862</u>
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>3,452</u>	<u>3,452</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,314</u>	<u>\$ 6,314</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 95,000	\$ 95,000	\$ 360	\$ (94,640)
Investment earnings	-	-	5	5
Other revenues	5,000	5,000	1,029	(3,971)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>1,394</u>	<u>(98,606)</u>
EXPENDITURES				
Current:				
Culture and recreation	5,000	5,000	1,265	3,735
Capital outlay	95,000	95,000	-	95,000
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>1,265</u>	<u>98,735</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>129</u>	<u>129</u>
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>3,359</u>	<u>3,359</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,488</u>	<u>\$ 3,488</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 138,354	\$ 138,354	\$ 162,957	\$ 24,603
Other revenues	66,411	66,411	47,968	(18,443)
Total revenues	<u>204,765</u>	<u>204,765</u>	<u>210,925</u>	<u>6,160</u>
EXPENDITURES				
Current:				
Health and welfare	305,225	305,225	313,601	(8,376)
Total expenditures	<u>305,225</u>	<u>305,225</u>	<u>313,601</u>	<u>(8,376)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(100,460)</u>	<u>(100,460)</u>	<u>(102,676)</u>	<u>(2,216)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	100,460	100,460	100,460	-
Total other financing sources (uses)	<u>100,460</u>	<u>100,460</u>	<u>100,460</u>	<u>-</u>
Net change in fund balances	-	-	(2,216)	(2,216)
Fund balances - beginning of year	-	-	18,077	18,077
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,861</u>	<u>\$ 15,861</u>

# **Other Supplementary Information**

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## **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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 76,228	\$ 76,228	\$ 61,000	\$ (15,228)
Investment earnings	-	-	37	37
Total revenues	<u>76,228</u>	<u>76,228</u>	<u>61,037</u>	<u>(15,191)</u>
EXPENDITURES				
Current:				
Highways and streets	74,855	74,855	60,055	14,800
Total expenditures	<u>74,855</u>	<u>74,855</u>	<u>60,055</u>	<u>14,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,373</u>	<u>1,373</u>	<u>982</u>	<u>(391)</u>
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>19,262</u>	<u>19,262</u>
Fund balances - end of year	<u>\$ 1,373</u>	<u>\$ 1,373</u>	<u>\$ 20,244</u>	<u>\$ 18,871</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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 800,000	\$ 800,000	\$ (8,861)	\$ (808,861)
Investment earnings	-	-	571	571
Other revenues	-	-	451,544	451,544
Total revenues	800,000	800,000	443,254	(356,746)
EXPENDITURES				
Current:				
Culture and recreation	-	149,606	153,921	(4,315)
Capital outlay	3,517,588	4,039,588	1,440,131	2,599,457
Total expenditures	3,517,588	4,189,194	2,708,458	1,480,736
Excess (deficiency) of revenues over (under) expenditures	(2,717,588)	(3,389,194)	(2,265,204)	1,123,990
OTHER FINANCING SOURCES (USES)				
Capital lease agreement	1,500,000	1,500,000	-	(1,500,000)
Sale of capital assets	-	-	58,896	58,896
Debt issuance	-	-	1,510,400	1,510,400
Transfers in	1,217,588	1,308,299	1,373,299	65,000
Total other financing sources (uses)	2,717,588	2,808,299	2,942,595	134,296
Net change in fund balances	-	(580,895)	677,391	1,258,286
Fund balances - beginning of year	-	-	1,310	1,310
Fund balances - end of year	\$ -	\$ (580,895)	\$ 678,701	\$ 1,259,596

CITY OF BULLHEAD CITY, ARIZONA  
 FLOOD CONTROL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 773,898	\$ 773,898	\$ 801,955	\$ 28,057
Investment earnings	-	-	1,281	1,281
Other revenues	-	-	767	767
Total revenues	<u>773,898</u>	<u>773,898</u>	<u>804,003</u>	<u>30,105</u>
EXPENDITURES				
Current:				
Highways and streets	774,788	774,788	672,737	102,051
Capital outlay	1,087,938	1,087,938	285,203	802,735
Total expenditures	<u>1,862,726</u>	<u>1,862,726</u>	<u>957,940</u>	<u>904,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,088,828)</u>	<u>(1,088,828)</u>	<u>(153,937)</u>	<u>934,891</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(13,326)</u>	<u>(13,326)</u>	<u>(13,326)</u>	-
Total other financing sources (uses)	<u>(13,326)</u>	<u>(13,326)</u>	<u>(13,326)</u>	-
Net change in fund balances	(1,102,154)	(1,102,154)	(167,263)	934,891
Fund balances - beginning of year	<u>1,241,158</u>	<u>1,241,158</u>	<u>1,332,247</u>	<u>91,089</u>
Fund balances - end of year	<u>\$ 139,004</u>	<u>\$ 139,004</u>	<u>\$ 1,164,984</u>	<u>\$ 1,025,980</u>





# **Other Supplementary Information**

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## **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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 809	\$ 809
Total revenues	-	-	809	809
EXPENDITURES				
Debt service:				
Principal	1,260,000	1,260,000	-	1,260,000
Interest and fiscal charges	129,250	129,250	35,583	93,667
Bond issuance costs	-	-	54,000	(54,000)
Total expenditures	1,389,250	1,389,250	89,583	1,299,667
Excess (deficiency) of revenues over (under) expenditures	(1,389,250)	(1,389,250)	(88,774)	1,300,476
OTHER FINANCING SOURCES (USES)				
Refunding bond	-	-	2,712,236	2,712,236
Payment to refunded bond escrow agent	-	-	(2,622,653)	(2,622,653)
Transfers in	1,389,250	1,389,250	-	(1,389,250)
Total other financing sources (uses)	1,389,250	1,389,250	89,583	(1,299,667)
Net change in fund balances	-	-	809	809
Fund balances - beginning of year	-	-	6	6
Fund balances - end of year	\$ -	\$ -	\$ 815	\$ 815

CITY OF BULLHEAD CITY, ARIZONA  
 BULLHEAD PARKWAY IMPROVEMENT DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 Year Ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
City tax revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current:				
Highways and streets	-	-	32	(32)
Total expenditures	-	-	32	(32)
Excess (deficiency) of revenues over (under) expenditures	-	-	(32)	(32)
Fund balances - beginning of year	-	-	(1,149,109)	(1,149,109)
Fund balances - end of year	\$ -	\$ -	\$ (1,149,141)	\$ (1,149,141)

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Other revenues	\$ -	\$ -	\$ 28	\$ 28
Total revenues	-	-	28	28
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	28	28
Fund balances - beginning of year	-	-	71	71
Fund balances - end of year	\$ -	\$ -	\$ 99	\$ 99

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 9	\$ 9
Total revenues	-	-	9	9
EXPENDITURES				
Debt service:				
Principal	115,001	115,001	1,437,836	(1,322,835)
Interest and fiscal charges	161,696	161,696	176,398	(14,702)
Total expenditures	276,697	276,697	1,614,234	(1,337,537)
Excess (deficiency) of revenues over (under) expenditures	(276,697)	(276,697)	(1,614,225)	(1,337,528)
OTHER FINANCING SOURCES (USES)				
Transfers in	276,696	276,696	1,665,946	1,389,250
Total other financing sources (uses)	276,696	276,696	1,665,946	1,389,250
Net change in fund balances	(1)	(1)	51,721	51,722
Fund balances - beginning of year	-	-	624	624
Fund balances - end of year	\$ (1)	\$ (1)	\$ 52,345	\$ 52,346

# Other Supplementary Information

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## 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, 2016

	Fleet Services	Risk Management	Employee Benefit Trust	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ 277,519	\$ 202,041	\$ 479,560
Accounts receivable, net	1,514	-	-	1,514
Inventory	36,780	-	-	36,780
Total current assets	<u>38,294</u>	<u>277,519</u>	<u>202,041</u>	<u>517,854</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	6,902,333	-	-	6,902,333
Less accumulated depreciation	(5,857,327)	-	-	(5,857,327)
Total noncurrent assets	<u>2,152,598</u>	<u>-</u>	<u>-</u>	<u>2,152,598</u>
Total assets	<u>2,190,892</u>	<u>277,519</u>	<u>202,041</u>	<u>2,670,452</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	64,202	161,972	147	226,321
Accrued payroll and related liabilities	7,192	5,322	-	12,514
Due to other funds	186,964	-	-	186,964
Other liabilities	2,137	1,820	-	3,957
Total liabilities	<u>260,495</u>	<u>169,114</u>	<u>147</u>	<u>429,756</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,152,598	-	-	2,152,598
Unrestricted (deficit)	(222,201)	108,405	201,894	88,098
Total net position	<u>\$ 1,930,397</u>	<u>\$ 108,405</u>	<u>\$ 201,894</u>	<u>\$ 2,240,696</u>



CITY OF BULLHEAD CITY, ARIZONA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
Year Ended June 30, 2016

	Fleet Services	Risk Management	Employee Benefit Trust	Total
Operating revenues				
Charges for services	\$ 1,101,381	\$ 1,524,780	\$ 3,013,214	\$ 5,639,375
Other revenues	5,591	11,574	283,949	301,114
Total operating revenue	<u>1,106,972</u>	<u>1,536,354</u>	<u>3,297,163</u>	<u>5,940,489</u>
Operating expenses				
Salaries and related expenses	285,864	123,485	-	409,349
Medical claims and self-insurance	-	1,449,205	3,433,720	4,882,925
Administration	743,536	24,301	848	768,685
Utilities	33,228	-	-	33,228
Maintenance, supplies and equipment	30,652	-	-	30,652
Depreciation	193,618	-	-	193,618
Other	25,453	-	-	25,453
Total operating expenses	<u>1,312,351</u>	<u>1,596,991</u>	<u>3,434,568</u>	<u>6,343,910</u>
Operating income (loss)	<u>(205,379)</u>	<u>(60,637)</u>	<u>(137,405)</u>	<u>(403,421)</u>
Non-operating Revenues (Expenses)				
Investment income	54	360	671	1,085
Gain (loss) on disposal of capital assets	13,453	-	-	13,453
Total nonoperating revenue (expense)	<u>13,507</u>	<u>360</u>	<u>671</u>	<u>14,538</u>
Income (loss) before contributions and transfers	<u>(191,872)</u>	<u>(60,277)</u>	<u>(136,734)</u>	<u>(388,883)</u>
Capital contributions	<u>565,069</u>	<u>-</u>	<u>-</u>	<u>565,069</u>
Change in net position	<u>373,197</u>	<u>(60,277)</u>	<u>(136,734)</u>	<u>176,186</u>
Net position, beginning of year	<u>1,557,200</u>	<u>168,682</u>	<u>338,628</u>	<u>2,064,510</u>
Total net position-end of year	<u>\$ 1,930,397</u>	<u>\$ 108,405</u>	<u>\$ 201,894</u>	<u>\$ 2,240,696</u>

CITY OF BULLHEAD CITY, ARIZONA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2016

	Fleet Services	Risk Management	Employee Benefit Trust	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services	\$ 1,101,633	\$ 1,524,780	\$ 3,013,214	\$ 5,639,627
Other operating receipts	5,591	11,574	283,949	301,114
Payments to suppliers	(818,933)	(1,499,376)	(3,435,178)	(5,753,487)
Payments to employees	(284,661)	(120,965)	-	(405,626)
Cash flows from operating activities	<u>3,630</u>	<u>(83,987)</u>	<u>(138,015)</u>	<u>(218,372)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments from other funds	-	234,349	-	234,349
Payments to other funds	(47,385)	-	-	(47,385)
Cash flows from noncapital and related financing activities	<u>(47,385)</u>	<u>234,349</u>	<u>-</u>	<u>186,964</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(20,445)	-	-	(20,445)
Proceeds from sale of capital assets	13,453	-	-	13,453
Cash flows from capital and related financing activities	<u>(6,992)</u>	<u>-</u>	<u>-</u>	<u>(6,992)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	54	360	671	1,085
Cash flows from investing activities	<u>54</u>	<u>360</u>	<u>671</u>	<u>1,085</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(50,693)</b>	<b>150,722</b>	<b>(137,344)</b>	<b>(37,315)</b>
Cash and cash equivalents at beginning of year	<u>50,693</u>	<u>126,797</u>	<u>339,385</u>	<u>516,875</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 277,519</u>	<u>\$ 202,041</u>	<u>\$ 479,560</u>

Reconciliation of operating loss to net cash provided (used) by operating activities:				
Net operating loss	<u>\$ (205,379)</u>	<u>\$ (60,637)</u>	<u>\$ (137,405)</u>	<u>\$ (403,421)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation/amortization expense	193,618	-	-	193,618
Changes in operating assets and liabilities (Increase)/decrease in:				
Accounts receivable	252	-	-	252
Inventory	(22,297)	-	-	(22,297)
Increase/(decrease) in:				
Accounts payable	36,233	(25,870)	(610)	9,753
Accrued payroll and related liabilities	<u>1,203</u>	<u>2,520</u>	<u>-</u>	<u>3,723</u>
Net cash provided (used) by operating activities:	<u>\$ 3,630</u>	<u>\$ (83,987)</u>	<u>\$ (138,015)</u>	<u>\$ (218,372)</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets	565,069	-	-	565,069
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 277,519</u>	<u>\$ 202,041</u>	<u>\$ 479,560</u>
Total cash and cash equivalents	<u>\$ -</u>	<u>\$ 277,519</u>	<u>\$ 202,041</u>	<u>\$ 479,560</u>



# Statistical Section

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<u>Contents</u>	<u>Pages</u>
Financial Trends	154-163
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	164-175
These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales and uses taxes.	
Debt Capacity	176-183
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.	
Demographic and Economic Statistics	185-187
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	188-193
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.	

**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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b><u>Governmental Activities</u></b>				
Net investment in Capital Assets	\$ 121,353	\$ 93,569	\$ 40,512	\$ 64,000
Restricted	1,232	7,352	9,604	9,165
Unrestricted	<u>45,960</u>	<u>40,125</u>	<u>30,848</u>	<u>4,042</u>
Total Governmental Activities Net Position	168,546	141,045	80,965	77,207
<b><u>Business-type Activities</u></b>				
Net investment in Capital Assets	44,566	89,008	89,794	87,291
Restricted	-	-	-	-
Unrestricted	<u>12,120</u>	<u>10,765</u>	<u>10,658</u>	<u>11,410</u>
Total Business-type Activities Net Position	56,686	99,772	100,452	98,701
<b><u>Primary Government</u></b>				
Net investment in Capital Assets	165,919	182,576	130,307	151,291
Restricted	1,232	7,352	9,604	9,165
Unrestricted	<u>58,080</u>	<u>50,890</u>	<u>41,506</u>	<u>15,451</u>
Total Primary Government Net Position	<u>\$ 225,231</u>	<u>\$240,818</u>	<u>\$181,417</u>	<u>\$175,907</u>



<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 61,985	\$ 58,405	\$ 54,629	\$ 49,623	\$ 44,857	\$ 23,203
5,793	7,562	9,118	7,405	5,347	5,045
4,884	1,570	1,054	2,678	(9,567)	7,715
72,662	67,537	64,801	59,705	40,637	35,963
90,358	88,826	89,006	84,699	90,081	92,001
-	-	-	-	-	3,110
7,742	7,697	6,944	11,759	6,103	449
98,101	96,523	95,950	96,459	96,184	95,560
152,343	147,231	143,635	134,323	134,938	115,203
5,793	7,562	9,118	7,405	5,347	8,154
12,626	9,267	7,998	14,437	(3,464)	8,165
<u>\$170,763</u>	<u>\$164,060</u>	<u>\$160,751</u>	<u>\$156,164</u>	<u>\$136,821</u>	<u>\$131,522</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>				
Governmental Activities:				
General Government	\$ 11,971	\$ 12,580	\$ 12,197	\$ 12,266
Public Safety	13,423	13,530	13,333	11,972
Culture and Recreation	2,757	2,475	4,569	2,495
Economic Development	203	201	192	184
Redevelopment and housing	649	1,161	784	940
Highways and Streets	5,253	4,069	9,206	8,933
Health and Welfare	-	-	-	-
Interest on Long-term Debt	<u>2,051</u>	<u>2,701</u>	<u>2,513</u>	<u>1,643</u>
Total Governmental Activities Expenses	36,306	36,717	42,795	38,433
Business-type Activities:				
Wastewater Operations	6,761	7,196	8,343	8,766
Water Operations	<u>199</u>	<u>165</u>	<u>99</u>	<u>96</u>
Total Business-type Activities Expenses	<u>6,959</u>	<u>7,360</u>	<u>8,442</u>	<u>8,862</u>
Total Primary Government Expenses	43,266	44,077	51,237	47,295
<b>Program Revenue</b>				
Governmental Activities:				
Charges for Services:				
General Government	3,369	2,741	2,238	1,977
Public Safety	265	1,004	929	872
Culture and recreation	-	147	218	178
Highways and streets	136	416	361	324
Operating Grants and Contributions	3,978	7,867	4,677	6,927
Capital Grants and Contributions	<u>28,874</u>	<u>12,190</u>	<u>5,449</u>	<u>2,893</u>
Total Governmental Activities Program Revenues	36,622	24,365	13,873	13,171
Business-type Activities:				
Charges for Services:				
Wastewater Operations	7,332	8,122	8,413	8,646
Water Operations	467	1,210	208	209
Operating Grants and Contributions	35	-	-	-
Capital Grants and Contributions	<u>1,032</u>	<u>737</u>	<u>499</u>	<u>305</u>
Total Business-type Activities Revenues	<u>8,865</u>	<u>10,069</u>	<u>9,120</u>	<u>9,160</u>
Total Primary Government Revenues	\$ 45,487	\$ 34,433	\$ 22,993	\$ 22,331

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 11,479	\$ 8,471	\$ 8,710	\$ 10,209	\$ 10,198	\$ 10,196
11,142	12,396	12,774	13,026	13,944	12,565
2,349	3,160	3,535	4,278	4,519	4,361
339	149	155	115	124	79
533	455	330	168	417	421
8,758	8,647	9,103	8,638	8,841	9,874
-	-	-	-	-	919
<u>2,039</u>	<u>1,606</u>	<u>1,374</u>	<u>1,044</u>	<u>946</u>	<u>782</u>
36,640	34,884	35,981	37,477	38,989	39,199
9,206	9,214	10,027	9,362	9,799	10,127
<u>13</u>	<u>20</u>	<u>19</u>	<u>36</u>	<u>29</u>	<u>11</u>
<u>9,219</u>	<u>9,234</u>	<u>10,045</u>	<u>9,398</u>	<u>9,827</u>	<u>10,138</u>
45,858	44,118	46,026	46,875	48,817	49,337
1,822	2,116	2,271	2,542	2,970	2,303
825	887	917	976	955	1,738
259	219	175	197	169	1,563
311	313	261	391	394	76
5,964	5,895	7,043	5,466	5,791	5,790
<u>3,019</u>	<u>1,800</u>	<u>1,754</u>	<u>1,568</u>	<u>1,086</u>	<u>524</u>
12,200	11,229	12,421	11,139	11,366	11,994
8,708	9,180	9,068	9,082	9,078	9,053
146	293	39	124	55	70
-	-	-	-	-	-
<u>154</u>	<u>177</u>	<u>162</u>	<u>523</u>	<u>172</u>	<u>140</u>
<u>9,007</u>	<u>9,650</u>	<u>9,269</u>	<u>9,729</u>	<u>9,305</u>	<u>9,263</u>
\$ 21,208	\$ 20,879	\$ 21,690	\$ 20,867	\$ 20,671	\$ 21,258

Continued

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net (Expense)/Revenue				
Governmental Activities	\$ 315	\$ (12,352)	\$ (28,922)	\$ (25,262)
Business-type Activities	<u>1,906</u>	<u>2,709</u>	<u>678</u>	<u>298</u>
Total Primary Government Net Expense	2,221	(9,643)	(28,244)	(24,964)
Governmental Activities:				
Taxes				
City Sales Tax	14,641	12,613	10,651	10,071
State Shared Sales Tax	3,631	3,482	3,000	2,798
Urban Revenue Sharing	4,338	5,377	5,716	4,933
Franchise Tax	538	560	543	540
State Shared Vehicle License Tax	2,333	2,208	2,120	1,887
Other Taxes	115	78	68	75
Gain (loss) of sale of capital assets	-	-	-	-
Interest and Investment Income	1,686	808	69	126
Miscellaneous and Special Items	7	(393)	-	-
Transfers	<u>107</u>	<u>(40,268)</u>	<u>6</u>	<u>1,150</u>
Total Governmental Activities	27,395	(15,533)	22,173	21,580
Business-type Activities:				
Gain (loss) of sale of capital assets	-	-	-	-
Interest and Investment Income	698	299	8	89
Transfers	<u>(107)</u>	<u>40,268</u>	<u>(6)</u>	<u>(1,150)</u>
Total Business-type Activities	<u>591</u>	<u>40,567</u>	<u>2</u>	<u>(1,061)</u>
Total Primary Government	27,986	25,033	22,175	20,520
Change in Net Position				
Governmental Activities	27,710	(27,885)	(6,749)	(3,682)
Business-type Activities	<u>2,497</u>	<u>43,275</u>	<u>680</u>	<u>(762)</u>
Total Primary Government	<u>\$ 30,207</u>	<u>\$ 15,390</u>	<u>\$ (6,069)</u>	<u>\$ (4,444)</u>

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ (24,440)	\$ (23,655)	\$ (23,559)	\$ (26,338)	\$ (27,624)	\$ (27,205)
<u>(211)</u>	<u>416</u>	<u>(777)</u>	<u>331</u>	<u>(522)</u>	<u>(875)</u>
(24,651)	(23,239)	(24,336)	(26,008)	(28,146)	(28,079)
10,262	10,164	10,299	10,891	11,318	12,152
2,952	3,102	3,246	3,447	3,629	3,728
3,719	3,337	4,039	4,407	4,787	4,761
539	621	659	677	687	707
1,872	1,850	1,832	1,902	2,019	2,157
73	75	71	-	-	-
-	18	37	33	3	-
32	23	20	12	11	13
-	-	-	-	-	-
<u>445</u>	<u>62</u>	<u>(100)</u>	<u>(128)</u>	<u>(217)</u>	<u>(211)</u>
19,894	19,251	20,103	21,243	22,235	23,308
-	(1,984)	-	-	(12)	-
56	52	104	50	43	40
<u>(445)</u>	<u>(62)</u>	<u>100</u>	<u>128</u>	<u>217</u>	<u>211</u>
<u>(389)</u>	<u>(1,994)</u>	<u>204</u>	<u>178</u>	<u>248</u>	<u>251</u>
19,506	17,257	20,307	21,421	22,483	23,559
(4,545)	(4,404)	(3,457)	(5,095)	(5,389)	(3,897)
<u>(600)</u>	<u>(1,578)</u>	<u>(572)</u>	<u>508</u>	<u>(275)</u>	<u>(624)</u>
<u>\$ (5,145)</u>	<u>\$ (5,982)</u>	<u>\$ (4,029)</u>	<u>\$ (4,587)</u>	<u>\$ (5,663)</u>	<u>\$ (4,521)</u>

Concluded

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>General Fund</b>				
Reserved	\$ 322	\$ 117	\$ 161	\$ 89
Unreserved	17,366	12,370	7,230	6,023
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 17,687</u>	<u>\$ 12,486</u>	<u>\$ 7,390</u>	<u>\$ 6,112</u>
<b>All Other Governmental Funds</b>				
Restricted	\$ 804	\$ 1,745	\$ (112)	\$ (108)
Nonspendable	-	-	-	-
Unassigned	-	-	-	-
<b>Unreserved, reported in:</b>				
Special Revenue Funds	911	1,395	1,481	1,040
Capital Project Funds	(4,678)	1,923	4,484	2,920
Debt Service Funds	-	-	3,717	5,240
Total All Other Governmental Funds	<u>\$ (2,963)</u>	<u>\$ 5,063</u>	<u>\$ 9,570</u>	<u>\$ 9,092</u>

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

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
96	8	11	879	874	874
82	79	79	49	31	31
<u>6,127</u>	<u>6,221</u>	<u>6,237</u>	<u>6,635</u>	<u>8,526</u>	<u>9,568</u>
<u>\$ 6,305</u>	<u>\$ 6,307</u>	<u>\$ 6,327</u>	<u>\$ 7,563</u>	<u>\$ 9,431</u>	<u>\$ 10,473</u>
\$ 5,711	\$ 7,418	\$ 8,968	\$ 7,452	\$ 5,445	\$ 5,393
35	1	1	-	20	-
(1,120)	(1,610)	(2,127)	(2,081)	(1,952)	(1,732)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,626</u>	<u>\$ 5,809</u>	<u>\$ 6,843</u>	<u>\$ 5,371</u>	<u>\$ 3,513</u>	<u>\$ 3,661</u>

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

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>Revenues</b>				
City tax revenue	\$ 15,293	\$ 13,252	\$ 11,263	\$ 10,686
Intergovernmental	18,032	19,928	18,956	17,526
Charges for services	1,287	1,503	1,588	2,119
Special assessments	3,599	9,745	7,958	7,026
Licenses and permits	2,060	1,684	1,186	483
Fines and forfeitures	896	1,030	833	782
Rents	37	36	30	51
Interest income	1,686	808	69	126
Other revenue	597	296	312	196
<b>Total Revenues</b>	<b>43,487</b>	<b>48,281</b>	<b>42,193</b>	<b>38,995</b>
<b>Expenditures</b>				
General government	12,135	11,547	10,371	10,639
Public safety	12,590	12,861	12,794	11,576
Culture and recreation	2,517	2,185	4,290	2,183
Economic development	203	201	192	184
Redevelopment and housing	649	1,161	784	926
Highways and streets	3,545	3,527	3,759	3,243
Health and welfare	-	-	-	-
Debt service:				
Principal	4,173	4,334	5,793	5,514
Interest and fiscal charges	2,051	2,701	2,513	1,643
Bond Issuance Costs	-	-	-	-
Capital outlay	45,926	10,082	4,454	6,209
<b>Total Expenditures</b>	<b>83,789</b>	<b>48,599</b>	<b>44,949</b>	<b>42,118</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	11,367	12,940	6,892	4,208
Transfers out	(11,510)	(12,484)	(7,013)	(2,841)
Refunding Bonds Issued	-	-	-	-
Capital lease agreements	-	108	-	-
Proceeds from issuance of bonds	-	5,446	-	-
Payments to escrow agent	23,404	-	-	-
Special item - Laughlin Ranch bad debt	-	(400)	-	-
Premium on bonds issued	-	-	-	-
Sale of capital assets	7	7	-	-
<b>Total Other Financing Sources and (Uses)</b>	<b>23,267</b>	<b>5,618</b>	<b>(121)</b>	<b>1,367</b>
<b>Net Change in Fund Balances</b>	<b>\$ (17,035)</b>	<b>\$ 5,300</b>	<b>\$ (2,877)</b>	<b>\$ (1,756)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>16.4%</b>	<b>18.3%</b>	<b>20.5%</b>	<b>19.9%</b>



	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$	10,874	\$ 10,859	\$ 11,028	\$ 11,569	\$ 12,005	\$ 12,859
	14,386	14,246	16,359	15,230	16,066	16,172
	2,193	2,133	2,147	2,482	2,640	2,724
	6,262	5,893	5,076	4,131	3,908	3,752
	395	461	469	570	654	635
	670	912	972	1,011	1,132	1,160
	45	34	34	41	44	55
	32	23	20	12	11	13
	1,743	614	624	668	484	1,085
	36,600	35,174	36,729	35,715	36,944	38,455
	7,637	3,580	7,746	8,876	8,327	9,319
	11,360	11,191	12,300	12,557	12,562	11,522
	2,022	2,844	3,532	3,549	3,834	3,660
	339	149	155	115	124	77
	533	457	332	167	410	420
	3,043	6,924	2,661	2,808	3,038	4,085
	-	-	-	-	-	919
	10,445	5,365	5,351	4,497	4,508	4,895
	2,039	1,606	1,374	1,044	946	741
	-	-	-	-	-	54
	4,465	1,669	2,161	2,696	2,978	2,320
	41,883	33,785	35,613	36,308	36,727	38,012
	2,406	2,004	1,918	1,732	1,714	4,359
	(1,961)	(2,225)	(2,018)	(1,860)	(1,931)	(4,570)
	-	-	-	-	-	2,712
	215	18	37	378	8	57
	-	-	-	6,605	-	1,510
	-	-	-	(6,531)	-	(2,623)
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	33	3	78
	660	(204)	(63)	358	(206)	1,524
\$	<u>(4,624)</u>	<u>\$ 1,185</u>	<u>\$ 1,053</u>	<u>\$ (236)</u>	<u>\$ 11</u>	<u>\$ 1,967</u>
	33.4%	21.7%	20.1%	16.5%	16.2%	15.9%

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Sales	\$ 14,641	\$ 12,613	\$ 10,651	\$ 10,071
Transient Occupancy	115	78	68	75
Franchise	538	560	543	540
Motor Fuel	<u>3,717</u>	<u>3,660</u>	<u>3,241</u>	<u>3,155</u>
Totals	<u>\$ 19,010</u>	<u>\$ 16,912</u>	<u>\$ 14,504</u>	<u>\$ 13,841</u>

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 10,262	\$ 10,164	\$ 10,299	\$ 10,821	\$ 11,284	\$ 12,078
73	75	71	71	34	75
539	621	659	677	687	707
3,135	2,794	3,074	3,186	3,416	3,553
<u>\$ 14,009</u>	<u>\$ 13,653</u>	<u>\$ 14,102</u>	<u>\$ 14,755</u>	<u>\$ 15,421</u>	<u>\$ 16,412</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Sales	\$ 14,641	\$ 12,613	\$ 10,651	\$ 10,071
Franchise	538	560	543	540
Totals	<u>\$ 15,179</u>	<u>\$ 13,174</u>	<u>\$ 11,195</u>	<u>\$ 10,611</u>

Source: City of Bullhead City Finance Department

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 10,262 539	\$ 10,164 621	\$ 10,299 659	\$ 10,821 677	\$ 11,284 687	\$ 12,078 707
<u>\$ 10,801</u>	<u>\$ 10,784</u>	<u>\$ 10,957</u>	<u>\$ 11,498</u>	<u>\$ 11,971</u>	<u>\$ 12,784</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Mining	\$ 5	\$ 2	\$ 31	\$ -
Communications and utilities	66,506	68,988	76,437	68,012
Transportation and warehousing	1,185	1,772	982	-
Construction	110,170	90,627	47,918	30,103
Manufacturing	26,662	17,000	14,156	-
Wholesale trade	12,397	9,408	8,383	-
Retail trade	354,879	318,081	279,550	286,109
Finance and insurance	1,064	1,063	1,194	-
Real estate, rental and leasing	51,688	37,134	34,945	40,633
Restaurant and bar	44,243	44,538	42,751	40,020
Accommodation	3,852	2,228	2,110	-
Public administration	948	794	845	-
Services	39,525	21,270	16,836	-
Arts and entertainment	2,270	1,270	668	-
Hotel/Motel	-	-	-	2,197
Publication	-	-	-	3,847
Use tax	-	-	-	20,432
Other	9,545	12,174	4,411	8,795
<b>Total</b>	<b><u>\$ 724,937</u></b>	<b><u>\$ 626,351</u></b>	<b><u>\$ 531,218</u></b>	<b><u>\$ 500,148</u></b>
City Transaction Privilege Rate	2.00%	2.00%	2.00%	2.00%

Sources: Arizona Department of Revenue/Revenue Discover Systems

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
64,797	65,252	69,953	66,996	67,424	67,264
-	-	-	-	-	108
30,969	24,455	24,617	30,249	34,039	31,327
-	-	-	-	-	-
-	-	-	-	-	-
306,000	306,308	312,112	318,683	347,782	372,050
-	-	-	-	-	-
38,344	37,177	39,092	37,300	37,624	41,847
40,231	43,945	43,705	54,417	49,146	58,130
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,765
2,396	2,166	2,183	2,253	2,185	2,537
3,548	2,857	2,890	2,536	-	648
18,688	15,457	14,360	20,737	-	22,097
4,240	6,435	3,388	3,550	25,817	5,973
<b>\$ 509,214</b>	<b>\$ 504,051</b>	<b>\$ 512,299</b>	<b>\$ 536,721</b>	<b>\$ 564,017</b>	<b>\$ 603,746</b>
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
2006	2.00%	0.25%	5.60%	2006	2.00%	0.00%	5.60%
2007	2.00%	0.25%	5.60%	2007	2.00%	0.00%	5.60%
2008	2.00%	0.25%	5.60%	2008	2.00%	0.00%	5.60%
2009	2.00%	0.25%	5.60%	2009	2.00%	0.00%	5.60%
2010 <sup>a</sup>	2.00%	0.25%	6.60%	2010 <sup>a</sup>	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 <sup>b</sup>	2.00%	0.25%	5.60%	2013 <sup>b</sup>	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%

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
2006	3.00%	0.18%	5.60%	2006	0.03	0.00152	0.0305
2007	3.00%	0.18%	5.60%	2006	0.03	0.00152	0.0305
2008	3.00%	0.18%	5.60%	2008	0.03	0.00152	0.0305
2009	3.00%	0.18%	5.60%	2009	0.03	0.00152	0.0305
2010 <sup>a</sup>	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 <sup>b</sup>	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

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

	<b>Fiscal Year 2016</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Revenue</b>	<b>Percentage of Total</b>
Communications and Utilities	112	3.45%	1,345,277.00	11.14%
Construction	284	8.74%	626,543.00	5.19%
Retail Trade	930	28.61%	7,440,994.00	61.62%
Real Estate, Rental & Leasing	335	10.31%	836,946.00	6.93%
Restaurant and Bar	80	2.46%	1,162,609.00	9.63%
Hotel/Motel	17	0.52%	50,733.00	0.42%
Publication	0	0.00%	-	0.00%
Use Tax	0	0.00%	-	0.00%
Other	1493	45.92%	611,810.00	5.07%
<b>Total</b>	<b>3251</b>	<b>100.00%</b>	<b>\$ 12,074,912.00</b>	<b>100.00%</b>

**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 industry classifications were based on the North American Industry Classification System (NAICS) in 2013. The FY 2006 data was converted to the 2013 classifications for comparison purposes.

Fiscal Year 2007			
<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Revenue</u>	<u>Percentage of Total</u>
114	3.49%	1,330,111.00	9.17%
607	18.58%	2,203,396.00	15.20%
858	26.26%	7,097,584.00	48.95%
335	10.25%	1,033,756.00	7.13%
99	3.03%	884,853.00	6.10%
20	0.61%	77,041.00	0.53%
0	0.00%	-	0.00%
0	0.00%	-	0.00%
1234	37.77%	1,871,899.00	12.91%
<b>3267</b>	<b>100.00%</b>	<b>\$ 14,498,640.00</b>	<b>100.00%</b>

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	
		Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value
2007	P	266,578,893	2,206,696,010	11,107,454	69,421,588
	S	296,365,630	2,453,265,696	12,348,568	77,178,550
2008	P	311,962,230	2,599,187,782	16,035,997	111,932,179
	S	428,708,384	3,587,715,918	16,036,432	111,936,527
2009	P	360,661,357	3,209,310,073	16,347,977	115,857,146
	S	527,908,052	4,708,343,628	16,347,977	115,857,146
2010	P	324,994,293	3,018,405,017	14,723,484	106,076,728
	S	346,741,498	3,261,152,473	14,723,531	106,076,728
2011	P	261,871,834	2,432,288,329	13,116,506	99,435,296
	S	267,056,254	2,508,782,848	13,116,506	99,435,296
2012	P	237,824,471	2,226,902,602	13,789,754	103,745,035
	S	241,661,044	2,285,545,644	13,789,754	103,745,035
2013	P	236,161,588	2,249,358,438	12,584,485	100,066,316
	S	241,646,112	2,316,259,885	12,584,485	100,066,316
2014	P	233,172,625	2,251,553,219	11,265,656	93,745,440
	S	237,222,823	2,291,328,954	11,265,656	93,745,440
2015	P	234,402,193	2,264,099,104	10,227,668	86,056,899
	S	260,855,953	2,519,579,044	10,278,526	86,587,129
2016	P	239,916,276	2,305,962,550	9,579,097	85,784,908
	S	291,296,926	2,782,678,012	10,044,928	91,281,260

Source: Mohave County Assessor's Office

<b>Centrally Valued Property</b>		<b>Total</b>			Assessed Value to Total Estimated Actual Value
Net Assessed Value	Estimated Actual Value	Net Assessed Value	Estimated Actual Value	Direct Tax Rate	
17,723,157	73,907,626	295,409,504	2,350,025,224	0.0000	12.57%
17,723,157	73,907,626	326,437,355	2,604,351,872	0.0000	
17,925,106	77,935,271	345,923,333	2,789,055,232	0.0000	12.40%
17,925,106	77,935,271	462,669,922	3,777,587,716	0.0000	
19,264,089	87,564,043	396,273,423	3,412,731,262	0.0000	11.61%
19,264,089	87,564,043	563,520,118	4,911,764,817	0.0000	
17,435,266	83,025,095	357,153,043	3,207,506,840	0.0000	11.13%
17,435,266	83,025,095	378,900,295	3,450,254,296	0.0000	
17,038,550	85,192,732	292,026,890	2,616,916,357	0.0000	11.16%
17,038,551	85,192,732	297,211,311	2,693,410,876	0.0000	
16,986,948	84,934,739	268,601,173	2,415,582,376	0.0000	11.12%
16,986,949	84,934,739	272,437,747	2,474,225,418	0.0000	
16,766,811	85,983,625	265,512,884	2,435,408,379	0.0000	10.90%
16,766,813	85,983,625	270,997,410	2,502,309,826	0.0000	
16,148,385	84,991,529	260,586,666	2,430,290,188	0.0000	10.72%
16,148,390	84,991,529	264,636,869	2,470,065,923	0.0000	
17,248,601	93,248,758	261,878,462	2,443,404,761	0.0000	10.72%
17,248,602	93,248,758	288,383,081	2,699,414,931	0.0000	
18,125,351	100,703,769	267,620,724	2,492,451,227	0.0000	10.74%
18,125,353	100,703,769	319,467,207	2,974,663,041	0.0000	

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Governmental Activities</b>				
Special Assessment Bonds	\$ 6,175	\$ 5,310	\$ 4,380	\$ 3,390
Revenue Bonds (1)	19,991	18,579	17,121	15,588
Notes Payable	43,149	47,011	43,840	40,491
Capital Leases	1,490	834	651	471
Claims and judgments	-	-	-	350
Net Pension Liabilities	-	-	-	-
Compensated absences	1,795	1,892	2,178	1,991
Total Governmental Activities	<u>72,600</u>	<u>73,626</u>	<u>68,170</u>	<u>62,281</u>
<b>Business-Type Activities</b>				
Revenue Bonds (2)	31,858	30,069	28,199	35,874
Capital Leases	548	274	43	4
Compensated absences	111	159	188	275
Total Business-Type Activities	<u>32,517</u>	<u>30,502</u>	<u>28,430</u>	<u>36,153</u>
Total Primary Government	<u>\$ 105,117</u>	<u>\$ 104,128</u>	<u>\$ 96,600</u>	<u>\$ 98,434</u>
Percentage of Personal Income*	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>
Per Capita*	<u>\$ 2.56</u>	<u>\$ 2.53</u>	<u>\$ 2.32</u>	<u>\$ 2.30</u>

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

(1) Net of related premium

(2) Net of deferred amounts

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$ 1,885	\$ 975	\$ -	\$ -	\$ -	\$ -
14,575	13,527	12,433	11,910	10,667	10,732
32,773	29,603	26,432	23,262	20,092	16,944
448	225	116	400	297	158
350	75	64	-	-	-
-	-	-	-	17,647	18,314
2,250	2,318	2,389	2,561	2,481	2,591
<u>52,281</u>	<u>46,723</u>	<u>41,434</u>	<u>38,133</u>	<u>51,185</u>	<u>48,741</u>
32,192	29,426	26,743	29,929	26,850	23,512
-	-	-	484	365	247
324	371	271	416	458	491
<u>32,516</u>	<u>29,797</u>	<u>27,014</u>	<u>30,829</u>	<u>27,673</u>	<u>24,249</u>
<u>\$ 84,797</u>	<u>\$ 76,519</u>	<u>\$ 68,448</u>	<u>\$ 68,961</u>	<u>\$ 78,857</u>	<u>\$ 72,990</u>
<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>
<u>\$ 2.14</u>	<u>\$ 1.94</u>	<u>\$ 1.73</u>	<u>\$ 1.75</u>	<u>\$ 1.97</u>	<u>\$ 1.82</u>





City of Bullhead City, Arizona  
Table 12  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2016

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Overlapping Debt</b>
State of Arizona	\$ -	0.48%	\$ -
Mohave County		15.15%	
Mohave County Community College District	-	15.15%	-
Bullhead City Fire District	-	99.68%	-
Western AZ Vocation Ed District	-	16.56%	-
Colorado River Union High School District	-	55.17%	-
Bullhead City Elementary School District No.	-	98.80%	-
Subtotal, overlapping debt	<u>\$ -</u>		<u>\$ -</u>
City direct debt	<u>27,878</u>	<u>100.00%</u>	<u>27,878</u>
Total direct and overlapping debt	<u><u>\$ 27,878</u></u>		<u><u>\$ 27,878</u></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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b><u>20% Limitation (1)</u></b>				
Debt limit Equal to 20% of Assessed Valuation	\$ 61,742,840	\$ 88,948,963	\$ 108,851,206	\$ 72,293,006
Total net debt applicable to 20% limit	-	-	-	-
Legal 20% debt margin (Available Borrowing Capacity)	<u>\$ 61,742,840</u>	<u>\$ 88,948,963</u>	<u>\$ 108,851,206</u>	<u>\$ 72,293,006</u>
Total net debt applicable to 20% limit as a percentage of 20% debt limit	0.00%	0.00%	0.00%	0.00%
 <b><u>6% Limitation (2)</u></b>				
Debt limit Equal to 6% of Assessed Valuation	\$ 18,522,852	\$ 26,684,689	\$ 32,655,362	\$ 21,687,902
Total net debt applicable to 6% limit	-	-	-	-
Legal 6% debt margin (Available Borrowing Capacity)	<u>\$ 18,522,852</u>	<u>\$ 26,684,689</u>	<u>\$ 32,655,362</u>	<u>\$ 21,687,902</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.

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 59,442,262	\$ 54,487,549	\$ 54,199,482	\$ 52,927,374	\$ 52,413,224	\$ 53,768,123
-	-	-	-	-	-
<u>\$ 59,442,262</u>	<u>\$ 54,487,549</u>	<u>\$ 54,199,482</u>	<u>\$ 52,927,374</u>	<u>\$ 52,413,224</u>	<u>\$ 53,768,123</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 17,832,679	\$ 16,346,265	\$ 16,259,845	\$ 15,878,212	\$ 15,723,967	\$ 16,130,437
-	-	-	-	-	-
<u>\$ 17,832,679</u>	<u>\$ 16,346,265</u>	<u>\$ 16,259,845</u>	<u>\$ 15,878,212</u>	<u>\$ 15,723,967</u>	<u>\$ 16,130,437</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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Municipal Property Corporation Bonds</b>				
Excise Taxes	\$ 29,793,247	\$ 28,233,034	\$ 25,128,801	\$ 23,030,632
<b>Debt Service</b>				
Principal	2,075,000	3,235,000	3,380,000	4,195,000
Interest	2,173,509	2,175,105	2,164,327	1,950,705
Coverage	7.01	5.22	4.53	3.75

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.

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
\$ 21,902,438	\$ 21,643,307	\$ 22,758,705	\$ 24,198,716	\$ 25,398,021	\$ 26,534,754
3,625,000	3,755,000	3,885,000	6,181,435	7,816,720	7,080,000
1,978,823	1,851,323	1,713,473	2,009,943	1,895,895	1,443,251
3.91	3.86	4.07	2.95	2.61	3.11



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

<b>Fiscal Year</b>	<b>Population(1)</b>	<b>Personal Income (in thousands)</b>	<b>Per Capita Personal Income (2)</b>	<b>Median Age (3)</b>	<b>School Enrollment (4)</b>	<b>Unemployment Rate (5)</b>
2007	41,000	\$ 753,364	18,375	41.8	6,124	4.00%
2008	41,187	\$ 833,776	20,244	42.4	5,947	5.30%
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	40,088	\$ 881,896	21,999	50.4	4,726	7.90%
2016	42,383	\$ 867,241	20,462	50.0	4,591	7.60%

Data Sources:

- 1 population.az.gov website
- 2 Bullhead City Economic Development Authority & Department Estimates (2004-2011); 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

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

<b>Employer</b>	<b>2016</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment*</b>
Western Arizona Regional Medical Center	682	1	4.62%
Wal-Mart	405	2	2.74%
City of Bullhead City	405	2	2.74%
Bullhead City Elementary School District #15	370	4	2.51%
Colorado River Union High School District	265	5	1.80%
Sam's Club	165	6	1.12%
Safeway	138	7	0.93%
Lowe's	121	8	0.82%
Silver Ridge Village	118	9	0.80%
Kohl's	114	10	0.77%
Smith's Food & Drug #191	113	11	0.77%
Home Depot	106	12	0.72%
Target	96	13	0.65%
Mohave Electric Cooperative	78	14	0.53%
News West Publishing	65	15	0.44%
Kmart Discount Department Store	58	16	0.39%
Food City #58			
<b>Total</b>	<b>3,299</b>		<b>22.35%</b>

Source: City of Bullhead City Finance Department (Business License)

\* 2015 labor force 14,760

\*\* 2007 labor force 20,937

Source: US Dept. of Labor - Bureau of Labor Statistics website



2007		
Employees	Rank	Percentage of Total City Employment**
582	2	2.78%
565	3	2.70%
416	4	1.99%
583	1	2.78%
265	5	1.27%
165	7	0.79%
83	10	0.40%
190	6	0.91%
70	13	0.33%
150	8	0.72%
82	11	0.39%
103	9	0.49%
55	14	0.26%
75	12	0.36%
<u>3,384</u>		<u>16.16%</u>

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

<b><u>Function</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>
General Government	142.50	145.50	119.50	110.60
Public Safety	137.00	138.00	129.50	128.50
Highways and Streets	32.00	32.00	29.00	20.00
Culture and Recreation	20.00	21.00	19.00	17.00
Redevelopment and housing	2.00	2.00	2.00	2.00
Wastewater Operations	19.00	19.00	18.00	18.00
	<b><u>352.50</u></b>	<b><u>357.50</u></b>	<b><u>317.00</u></b>	<b><u>296.10</u></b>

Source: City of Bullhead City Finance Department.

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
107.60	99.50	99.50	100.50	101.50	100.90
127.50	126.50	125.50	125.50	124.50	124.50
20.00	19.00	19.00	19.00	19.00	19.00
17.00	20.00	17.00	18.00	19.00	20.00
2.00	2.00	1.00	1.00	1.00	1.00
18.00	18.00	18.00	19.00	20.00	20.00
<b>292.10</b>	<b>285.00</b>	<b>280.00</b>	<b>283.00</b>	<b>285.00</b>	<b>285.40</b>

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

Function	2007	2008	2009	2010
<b>Police</b>				
Number of Sworn Officers	83	83	83	83
Number of Events Responded To	46,322	43,835	45,859	44,155
Number of Criminal Arrests	3,196	3,023	3,065	2,691
Number of Traffic Citations	7,775	6,886	5,227	5,374
<b>Financial Services</b>				
Accounts Payable Checks Issued	7,731	7,710	6,159	5,415
Accounts Payable EFTs Issued <sup>1</sup>				
Purchase Orders Issued	2,618	2,193	3,291	3,214
Payroll Checks Issued <sup>2</sup>	3,341	3,100	2,309	61
Customer Contacts (Utilities, Assessments & Licensing)	54,011	57,336	69,363	58,337
Number of Utility Bills mailed	189,492	215,322	219,815	221,489
Number of Cashier Transactions	159,731	184,123	178,308	179,046
<b>Transit</b>				
Total Transit Ridership	152,769	174,149	181,212	161,649
Miles Driven	320,788	314,434	300,629	259,060
<b>Wastewater Operations</b>				
Number of Service Connections	17,085	18,242	18,317	18,557
Sewage Treated (million gallons per day)	2.97	2.95	2.40	2.39
<b>General</b>				
Building Permits Issued	2,793	2,250	1,241	1,196
Building Inspections Conducted	42,560	26,685	11,552	8,157
Plan Reviews (Hours) <sup>3</sup>	2,389	2,490	1,552	1,101

Source: City of Bullhead City departments.

1 - Accounts Payable EFTs were not done tracked until FY 2013

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

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

<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
83	83	83	82	82	82
44,891	42,049	41,043	39,667	39,247	36,271
2,827	2,376	2,428	2,727	2,652	2,513
5,328	4,431	4,459	3,486	5,094	4,421
6,408	5,600	4,601	4,709	5,359	4,690
		356	2,574	2,895	3,126
3,914	3,538	3,264	3,108	3,220	3,177
1,554	1,593	1,668	1,669	1,717	1,939
61,842	62,460	63,085	62,833	62,598	62,125
222,141	222,791	223,276	223,536	223,572	223,704
180,255	181,455	190,736	183,278	174,041	168,386
139,255	160,055	163,321	171,958	181,470	180,776
278,380	281,274	267,105	258,581	289,408	272,401
18,582	18,595	18,614	18,700	18,779	18,642
2.39	3.06	3.03	2.80	2.99	3.20
911	924	901	1,184	1,480	1,484
5,808	5,686	5,266	7,394	8,669	9,704
870	926	885	**	**	**

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

<b>Function</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b><u>Public Safety</u></b>				
Police Stations	1	1	1	1
Police Vehicles	79	79	77	77
<b><u>Highways and Streets</u></b>				
Equivalent 12' Wide Lane Miles	321	321	321	321
Streetlights	2,938	2,959	2,959	2,959
Traffic Signals	8	8	9	9
<b><u>Culture and Recreation</u></b>				
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.

2011	2012	2013	2014	2015	2016
1 77	1 77	1 77	1 77	1 71	1 72
321 2,959 9	321 2,959 9	321 2,984 9	321 2,984 9	321 2,984 9	321 2,984 9
5 286 1 1	5 286 1 1	7 793 1 1	7 793 1 1	7 793 1 1	7 793 1 1





# **Compliance Section**

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HENRY & HORNE, LLP  
Certified Public Accountants

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, AZ, as of and for the year ended June 30, 2016, 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 6, 2016.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2016-001 that we consider to be a material weakness.

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## **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*.

## **City of Bullhead City's Response to Finding**

City of Bullhead City's response to the finding identified in our audit is described in the accompanying schedule of findings and questions costs. City of Bullhead City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 6, 2016



HENRY & HORNE, LLP  
Certified Public Accountants

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, 2016. City of Bullhead City, Arizona's major federal programs are identified in the summary of auditor's 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.

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### ***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, 2016.

### **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 6, 2016

CITY OF BULLHEAD CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2016

Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Justice:			
Direct programs:			
2014 Bulletproof Vest Program	16.607	2014BUBX14073858	\$ 951
2015 Bulletproof Vest Program	16.607	2015BUBX15	987
Subtotal Department of Justice direct programs			<u>1,938</u>
Pass-through programs from:			
State of Arizona Public Safety			
2015 Crime Victim Assistance	16.575	2014-104	11,934
2016 Crime Victim Assistance	16.575	2014-252	31,556
Subtotal Department of Justice pass-through programs			<u>43,490</u>
Total U.S. Department of Justice			<u>45,428</u>
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
State of Arizona Department of Commerce			
2014 Home Investment Partnerships Program	14.239	307-15	121,663
2015 Home Investment Partnerships Program	14.239	312-15	134,218
2016 Home Investment Partnerships Program	14.239	300-17	329
Total Home Investment Partnerships Program			<u>256,210</u>
Community Development Block Program			
Food Bank Construction	14.218	114-16	288
Community Development Block Program Administration	14.218	114-16	6,203
Total Community Development Block Program			<u>6,491</u>
Total U.S. Department of Housing and Urban Development			<u>262,701</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	2016-PT-053	3,972
State and Community Highway Safety	20.600	2016-AL-059	1,353
Total State and Community Highway Safety			<u>5,325</u>
Pass-through programs from:			
State of Arizona Department of Transportation			
2015 Formula Grants for Rural Areas	20.509	GRT-14-004673-T	495,668
2016 Formula Grants for Rural Areas	20.509	GRT-15-0005533-T	484,293
Total Formula Grants for Rural Areas			<u>979,961</u> *
Total U.S. Department of Transportation			<u>985,286</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	E860494205-401-01-15	140,899
Social Services Block Grant	93.667	E860494205-401-01-15	15,112
Total U.S. Department of Health & Human Services			<u>156,011</u>
U.S. Department of Interior			
Pass-through programs from:			
Arizona State Parks			
Recreation Resource Management	15.225	15-XX-30-W0587	4,315
Direct programs:			
Colorado River Basin Salinity Control Program	15.509	471237	<u>70,896</u>
Total U.S. Department of Interior			<u>75,211</u>
Total Expenditures of Federal Awards			<u>\$ 1,524,637</u>

\*denotes major program

CITY OF BULLHEAD CITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2016

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, 2016. 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, 2016

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)?

X  yes    \_\_\_ 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?

X  yes    \_\_\_ no

CITY OF BULLHEAD CITY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016

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

FINDING: 2016-001

CRITERIA

The City should review all year-end closing entries to insure the amounts included in the financial statements are presented in accordance with generally accepted accounting principles.

CONDITION/CONTEXT

The City performs closing procedures at year-end to properly state the financial amounts in accordance with generally accepted accounting principles. However, the year-end review was not complete and adjustments were necessary to properly state amounts related to debt issuance and intergovernmental revenues.

EFFECT

The City understated other financing sources of \$2,658,236, other financing uses of \$2,622,653 and bond issuance cost of \$35,583 related to refunding debt issued during the year. The City also overstated beginning fund balance by \$777,475 related to the improper recognition of revenues and a restatement of beginning fund balances and governmental net position was required.

CAUSE

A complete review of normal and unusual closing entries at year-end failed to detect the misstatements in both entries related to debt issuance and entries related to intergovernmental revenues.

RECOMMENDATION

It is recommended that the City include these entries in their review of year-end closing entries to ensure completeness and accurate cut-off of both the City's debt activity and revenues, respectively.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

Management concurs with this recommendation and will include these entries in the year-end closing procedures.

CITY OF BULLHEAD CITY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2016

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None noted.

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

There were no prior year findings.