

# **CITY OF BULLHEAD CITY, ARIZONA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**CITY OF BULLHEAD CITY, ARIZONA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



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 5, 2017

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, 2017 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, 2017 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.

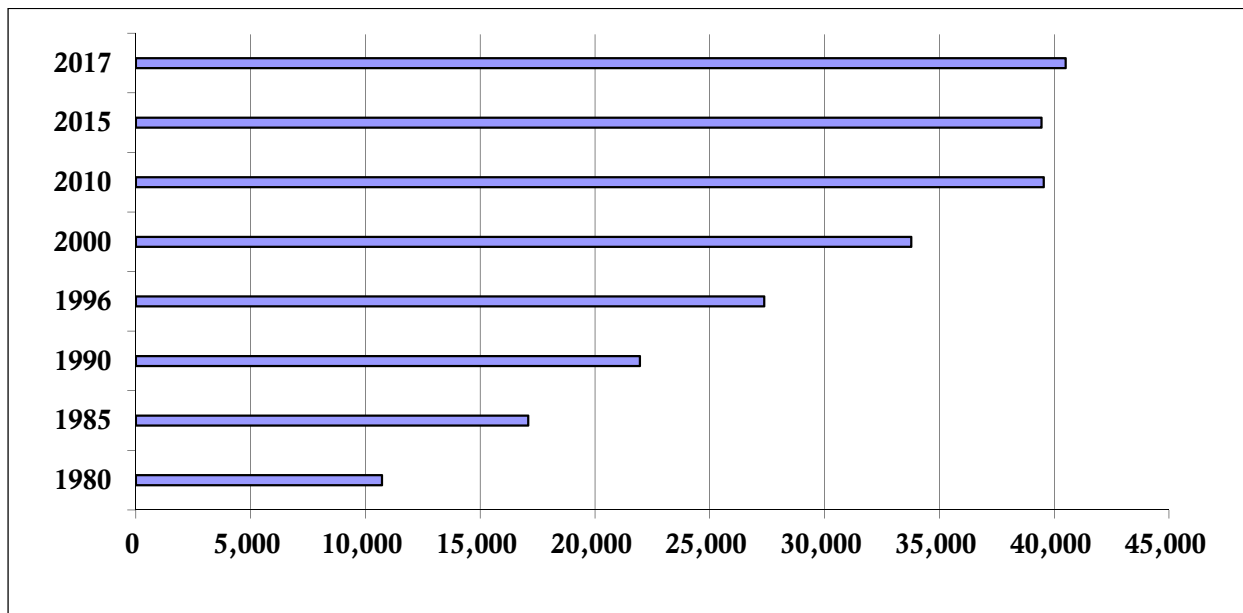
In 1945 Bullhead City was the headquarters for the construction of Davis Dam. The city name was derived from its proximity to Bullhead Rock, now largely concealed by Lake Mohave.

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.

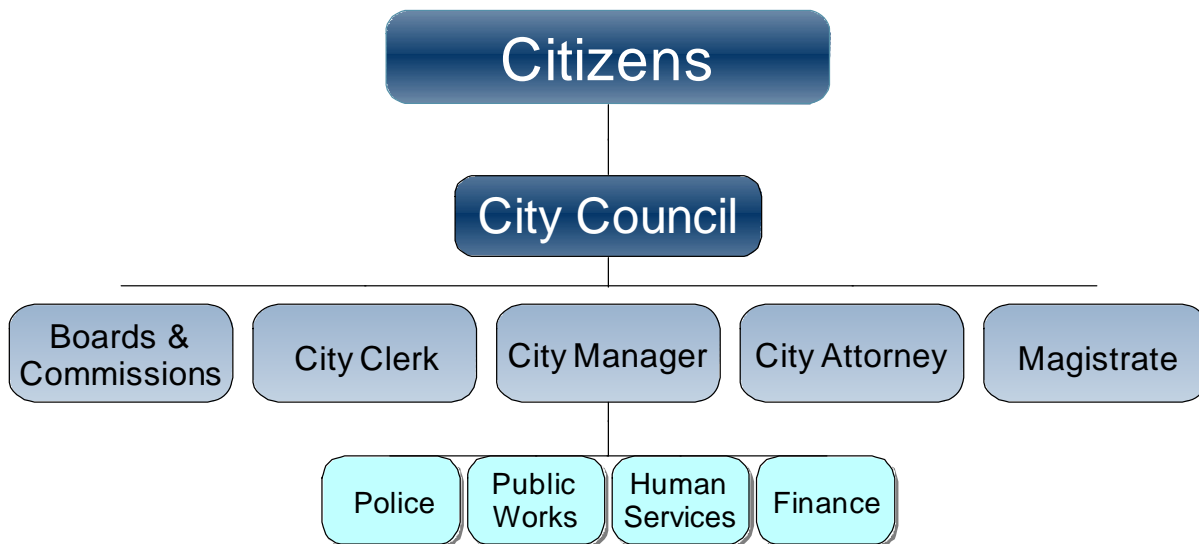
The population of Bullhead City has slowed in its growth. The following graph illustrates the population growth from 1980 and projected until 2017.

**Population Growth**

1980	10,719
1985	17,091
1990	21,951
1996 DES Estimate	27,270
2000	33,769
2010	39,540
2015 Census Estimate	39,445
2017 Projection	40,495



## CITY ORGANIZATIONAL CHART



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

## ECONOMIC CONDITION AND OUTLOOK

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

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

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

Dot Foods, the nation's largest food redistributor, is establishing its southwest regional distribution center in Bullhead City with its grand opening scheduled for February of 2018. Falcon Alloy, a metal rod manufacturer, also relocated from California in the summer of 2017. Additional new businesses that have opened or will soon be open include Ashley HomeStore, Starbucks, Discount Tire, Culver's, The Human Bean and several smaller local businesses.

The City's sales tax revenues increased 5.8% over last year. Revenue from the retail business class has increased by 8.6%, and the restaurant and bar category has increased by 6.5%.

The total number of single family residential building permits for FY 17 increased by 23.8% or 20 permits compared to the prior year.

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

## **FINANCIAL INFORMATION**

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

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

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

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

## CASH MANAGEMENT

All cash not necessary to meet current obligations is invested in the Local Government Investment Pool (LGIP). The State of Arizona manages this pool. The City had \$10,356,298 invested at June 30, 2017. The average yield for fiscal year 2017 was 0.61%. 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

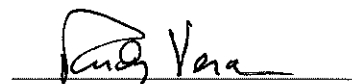
The preparation of this report could not be accomplished without the dedicated efforts of the Finance Department staff. Appreciation is particularly expressed to Loretta Kearns for her contributions to the monthly and annual maintenance of the information contained in this report.

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*

  
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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, 2016**

Executive Director/CEO

# CITY OF BULLHEAD CITY, ARIZONA



## LIST OF PRINCIPAL OFFICIALS

### **City Council**

Tom Brady, Mayor

Mark R. Clark, Vice Mayor

Sheila Shutts, Council Member

Steve D'Amico, Council Member

Annette Wegmann, Council Member

Kathy Bruck, Council Member

Tami Ring, Council Member

### **City Manager**

Toby Cotter

### **Finance Director**

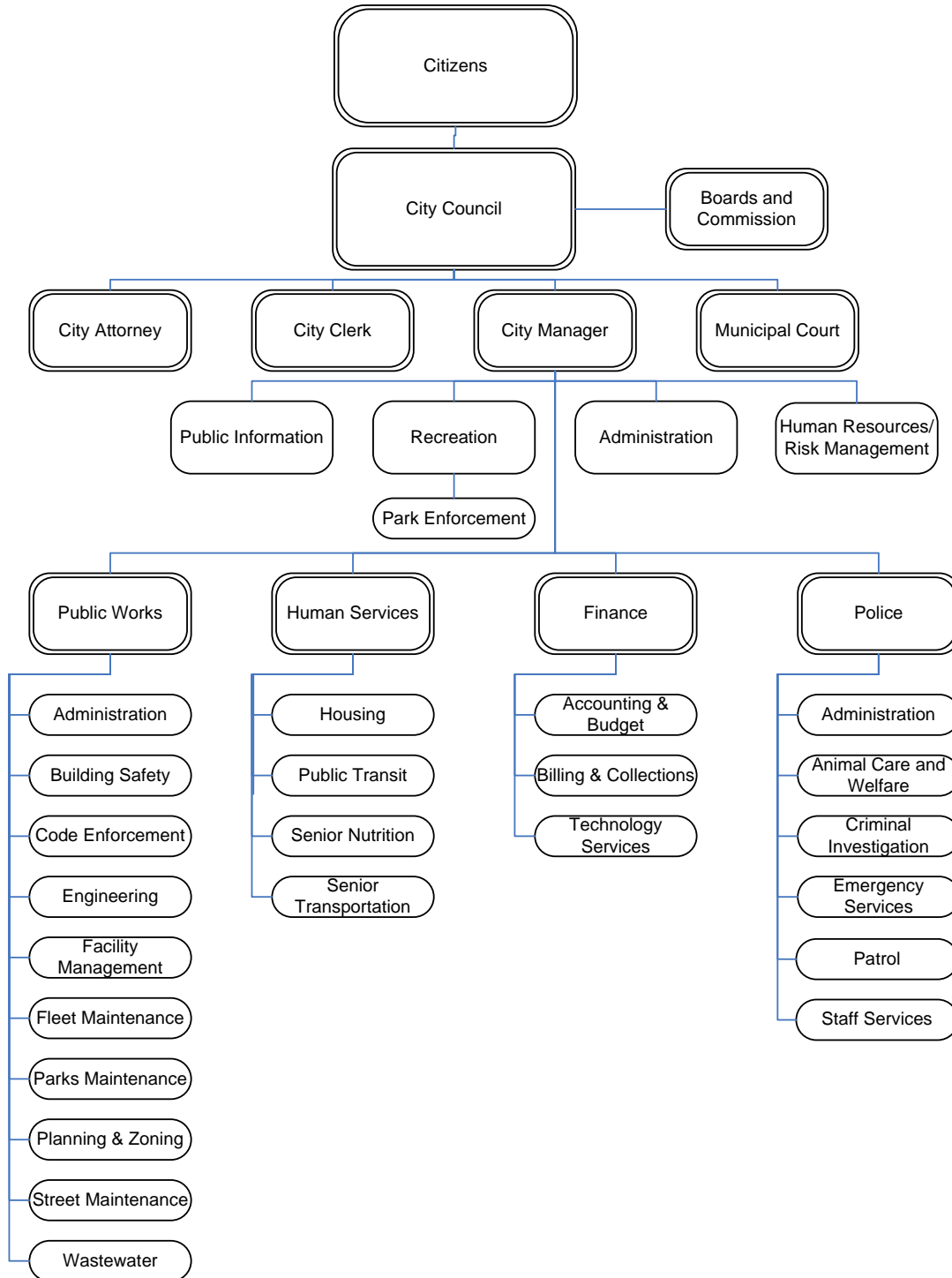
Rudy Vera



# INTRODUCTION

## ORGANIZATIONAL CHART

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# Financial Section

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## 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bullhead City, Arizona, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bullhead City, Arizona's basic financial statements. The introductory section, the financial information listed as other supplementary information in the financial section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



The financial information listed as other supplementary information in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the financial information listed as other supplementary information in the table of contents and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2017 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 5, 2017

# Financial Section

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## MANAGEMENT'S DISCUSSION & ANALYSIS

(Required Supplementary Information)



**CITY OF BULLHEAD CITY, ARIZONA**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2017

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, 2017. 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 2017 by \$126,608,304 (net position). Of this amount, \$2,391,777 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 2017 \$4,914,145 or 4%. This decrease is primarily due to the increase on net pension liability for the Public Safety Retirement Plan.
- At the end of fiscal year 2017, Bullhead City's governmental funds reported combined fund balances of 15,741,533, an increase of \$1,606,951 in comparison to the prior fiscal year. Approximately 54% of this amount (\$8,470,576) is available for spending at the city's discretion (unassigned fund balance).
- At the end of fiscal year 2017, unassigned fund balance for the General Fund is \$10,047,799 or 42% of total general fund expenditures.
- Bullhead City's total outstanding long-term liabilities decreased by \$576,372 during fiscal year 2017.

## 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.

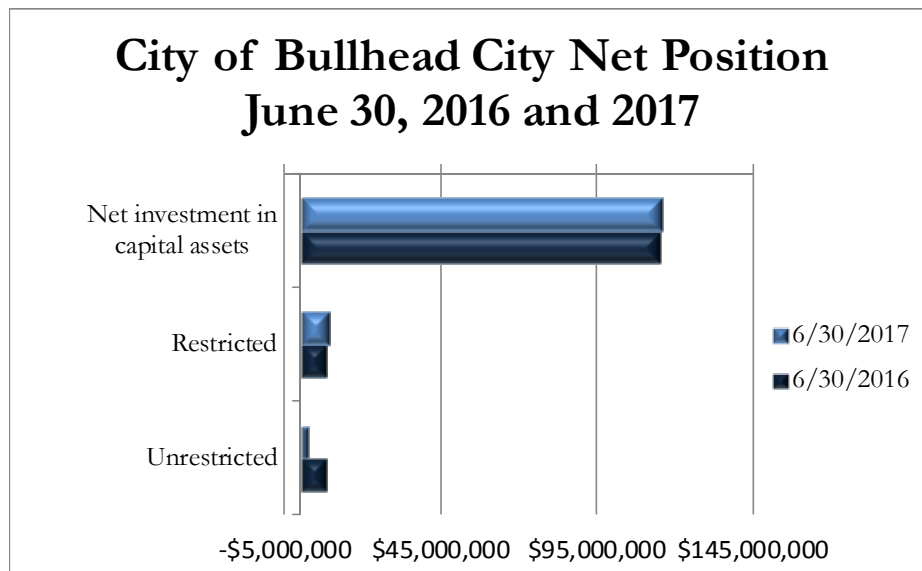
## **FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS**

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 \$126,608,304 at the close of fiscal year 2017.

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Current and other assets	\$ 33,337,616	\$ 34,351,323	\$ 5,217,418	\$ 5,521,862	\$ 38,555,034	\$ 39,873,185
Capital assets	46,088,574	50,684,679	113,459,501	115,152,198	\$ 159,548,075	\$ 165,836,877
Total assets	<u>79,426,190</u>	<u>85,036,002</u>	<u>118,676,919</u>	<u>120,674,060</u>	<u>198,103,109</u>	<u>205,710,062</u>
Total Deferred outflows of resources	<u>6,140,562</u>	<u>4,323,824</u>	<u>534,182</u>	<u>607,627</u>	<u>6,674,744</u>	<u>4,931,451</u>
Other liabilities	2,538,313	3,024,788	1,900,574	1,471,866	4,438,887	4,496,654
Long-term liabilities	50,985,707	48,739,885	21,427,783	24,249,977	72,413,490	72,989,862
Total liabilities	<u>53,524,020</u>	<u>51,764,673</u>	<u>23,328,357</u>	<u>25,721,843</u>	<u>76,852,377</u>	<u>77,486,516</u>
Total deferred inflows of resources	<u>1,317,172</u>	<u>1,632,548</u>	<u>-</u>	<u>-</u>	<u>1,317,172</u>	<u>1,632,548</u>
Net position:						
Net investment in capital assets	22,221,892	23,202,655	93,097,536	92,000,754	115,319,428	115,203,409
Restricted	5,893,077	5,044,596	3,004,022	3,109,797	8,897,099	8,154,393
Unrestricted	<u>2,610,591</u>	<u>7,715,354</u>	<u>(218,814)</u>	<u>449,293</u>	<u>2,391,777</u>	<u>8,164,647</u>
Total net position	<u>\$ 30,725,560</u>	<u>\$ 35,962,605</u>	<u>\$ 95,882,744</u>	<u>\$ 95,559,844</u>	<u>\$ 126,608,304</u>	<u>\$ 131,522,449</u>

Net position of the City represents the difference between the City's resources and its obligations. As of June 30, 2017, the largest portion of the City's total net position approximately 91.1% 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 (7.0%) represents amounts that are to be used in accordance with external restrictions. The remaining balance of \$2,391,777 is unrestricted and may be used to meet the City's ongoing obligations to residents and creditors.



The City's overall net position decreased \$4,914,145 from the prior fiscal year. The following sections will discuss the reasons for the decrease.

**Governmental Activities**

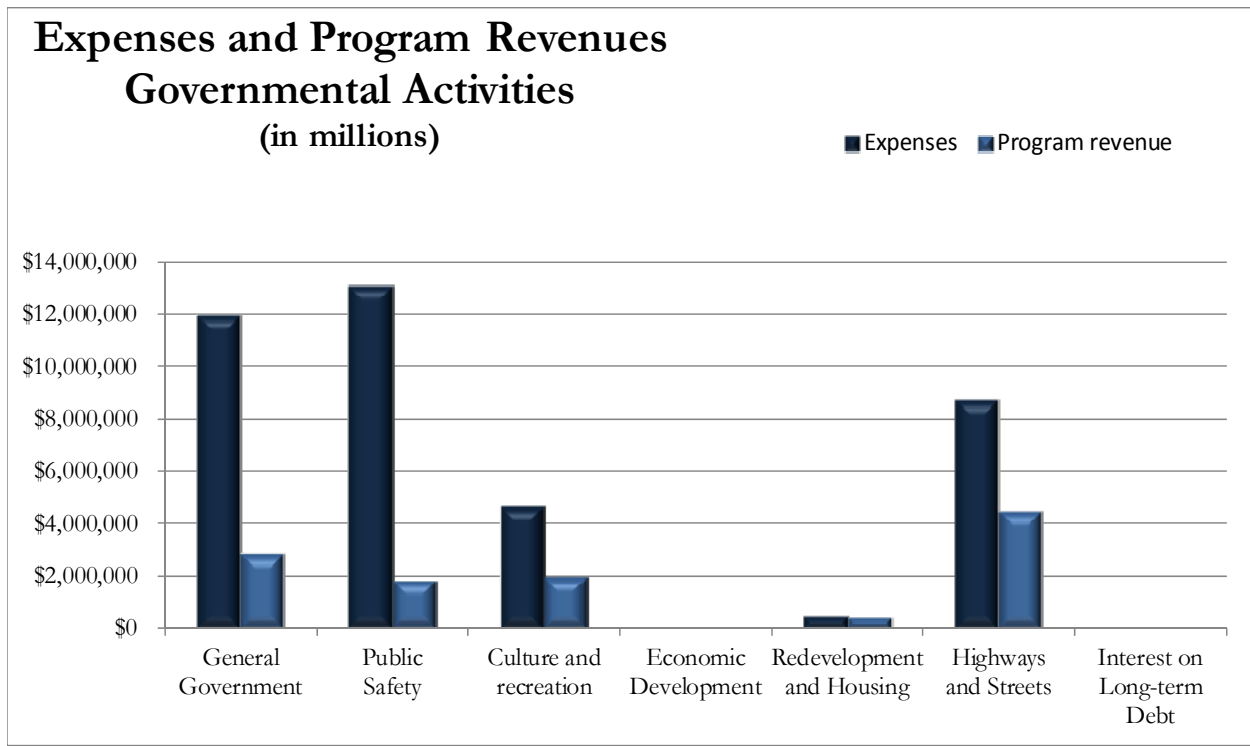
Bullhead City's net position for governmental activities decreased \$5,237,045 from the prior fiscal year to an ending balance of \$30,725,560.

The decrease of the overall net position of governmental activities can be attributed to the change in the increase in net pension liability of \$5,187,826.



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

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2017	6/30/2016	6/30/2017	6/30/2016	6/30/2017	6/30/2016
Revenues:						
Program revenues:						
Charges for services	\$ 6,202,097	\$ 5,679,836	\$ 9,061,104	\$ 9,123,434	\$ 15,263,201	\$ 14,803,270
Operating grants and contributions	7,319,742	5,790,316			7,319,742	5,790,316
Capital grants and contributions	424,586	523,926	654,272	140,000	1,078,858	663,926
General revenues:						
City sales tax	12,866,671	12,152,323			12,866,671	12,152,323
State shared sales tax	3,614,505	3,728,320			3,614,505	3,728,320
Urban revenue sharing	4,825,811	4,760,611			4,825,811	4,760,611
Franchise tax	733,892	706,887			733,892	706,887
State shared vehicle license tax	2,295,131	2,157,406			2,295,131	2,157,406
Investment earnings	49,483	13,443	43,704	39,570	93,187	53,013
Gain (loss) on disposition of capital assets	-	-	-	-	-	-
<b>Total revenues</b>	<b>38,331,918</b>	<b>35,513,068</b>	<b>9,759,080</b>	<b>9,303,004</b>	<b>48,090,998</b>	<b>44,816,072</b>
Expenses:						
Government activities:						
General government	10,585,233	10,196,414			10,585,233	10,196,414
Public safety	16,015,760	12,565,419			16,015,760	12,565,419
Culture and recreation	4,472,137	4,360,839			4,472,137	4,360,839
Economic development	338,784	79,195			338,784	79,195
Redevelopment and housing	661,590	421,494			661,590	421,494
Highways and streets	9,714,104	9,873,739			9,714,104	9,873,739
Health and welfare	869,290	919,396			869,290	919,396
Interest on long-term debt	734,998	782,092			734,998	782,092
Business-type activities						
Water			30,619	11,334	30,619	11,334
Wastewater			9,582,628	10,127,069	9,582,628	10,127,069
<b>Total expenses</b>	<b>43,391,896</b>	<b>39,198,588</b>	<b>9,613,247</b>	<b>10,138,403</b>	<b>53,005,143</b>	<b>49,336,991</b>
Change in net position before transfers	(5,059,978)	(3,685,520)	145,833	(835,399)	(4,914,145)	(4,520,919)
Transfers in (out)	(177,067)	(211,337)	177,067	211,337	-	-
<b>Change in net position</b>	<b>(5,237,045)</b>	<b>(3,896,857)</b>	<b>322,900</b>	<b>(624,062)</b>	<b>(4,914,145)</b>	<b>(4,520,919)</b>
Net position - beginning	35,962,605	39,859,462	95,559,844	96,183,906	131,522,449	136,043,368
<b>Net position - ending</b>	<b>\$ 30,725,560</b>	<b>\$ 35,962,605</b>	<b>\$ 95,882,744</b>	<b>\$ 95,559,844</b>	<b>\$ 126,608,304</b>	<b>\$ 131,522,449</b>



### **Business-type Activities**

Bullhead City’s business-type activities for fiscal year 2017 show that the overall net position increased to an ending balance of \$95,882,744. The total increase in net position for business-type activities was \$322,900 or 0.3% from the prior fiscal year.

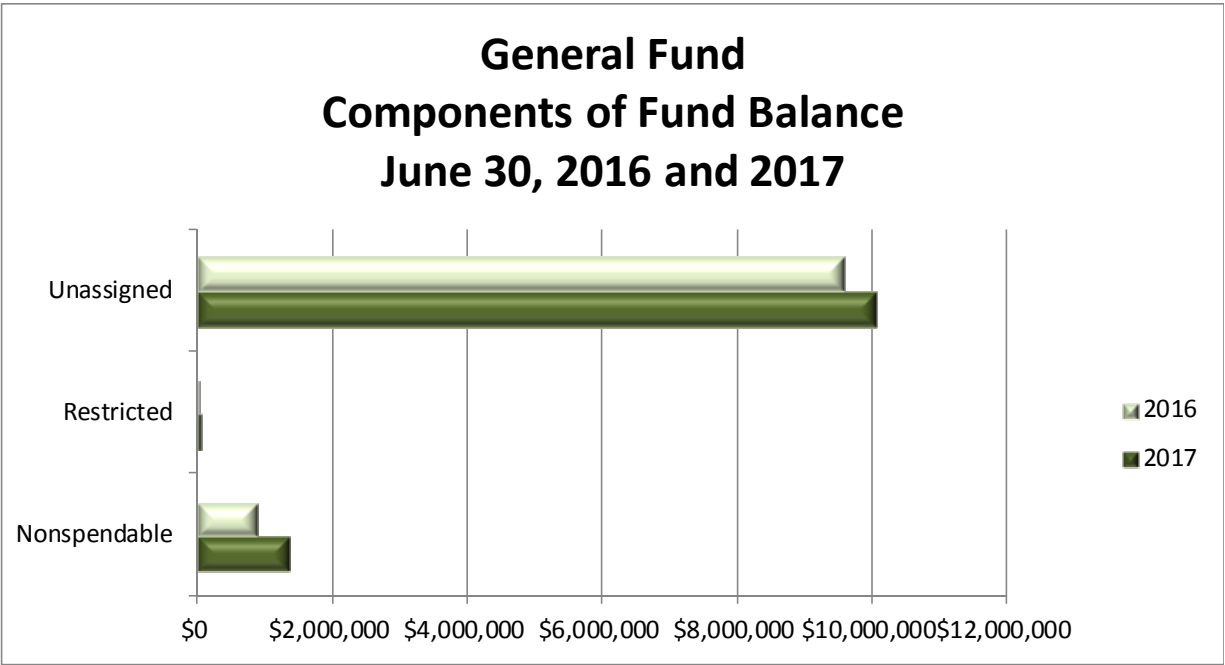
Revenue from business-type activities totaled \$9,759,080 compared to \$9,303,004 in FY 2016. This is an increase of 4.9% or \$456,076 from the prior fiscal year. Wastewater customer accounts billed in June 2016 were 18,642 and in June 2017 there were 18,716 customer accounts billed.

### **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.

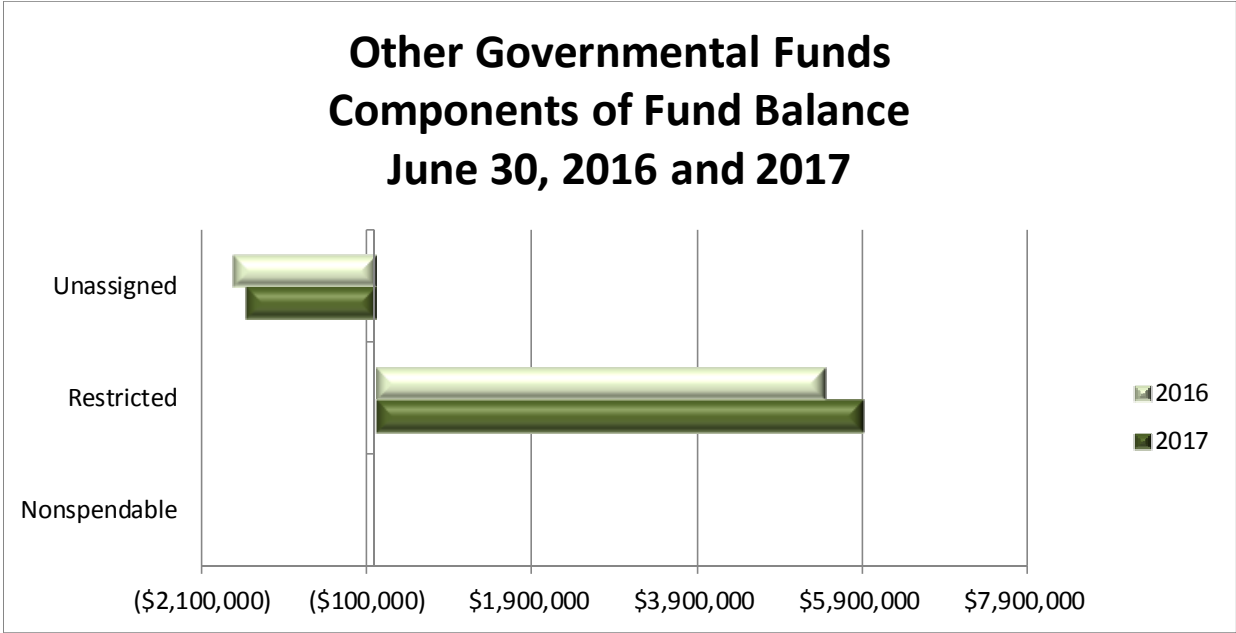
### **Governmental Funds**

The City’s governmental funds reported combined fund balances at June 30, 2017 of \$15,741,533, which is an increase of \$1,606,951 compared to the previous fiscal year. Approximately 53.8% of this amount (\$8,470,576) 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 (\$1,354,193), or 2) restricted for a particular purpose (\$5,916,764).



The general fund is the chief operating fund of Bullhead City. At the end of the fiscal year unassigned fund balance of the general fund was \$10,047,799. 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 42.4% of the total general fund expenditures, while total fund balance represents approximately 48.3% of the same amount.

The fund balance of Bullhead City's general fund grew by \$981,112 during the 2017 fiscal year.



The fund balances of Bullhead City's other governmental funds increased by \$625,839 during the 2017 fiscal year.

The Non-Major Governmental Fund Balances increased \$244,244 from the prior fiscal year.

The timing of fund expenditures and fund reimbursements account for fund balances. The Special Revenue Funds ended with a balance of \$1,530,967. Capital Project Funds ended with a balance of \$1,564,861. The Debt Service Funds ended with a negative fund balance of \$1,146,996. The City intends to sell a property acquired from a delinquent special assessment that represents the fund balance deficit in the Debt Service Funds. The City is waiting for the real estate market to be sufficient to recover the investment of the City.

**Proprietary Funds**

Unrestricted net position of the wastewater fund was \$556,591 and for the water resources fund was (\$775,405). The total change in net position for both funds was (\$697,302) and \$29,195, 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; a partnership agreement pledge; and capital improvements that occurred during the fiscal year requiring transfers from the budgeted General Services contingency. The exceptions were for pledged funds for city air service \$250,000; Drainage improvement project Gold Rush-Arcadia \$191,823; and Rotary Park North Field Lighting Project \$450,000. 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:

Revenue source	Estimated Revenues	Actual Revenues	Variance
Taxes	\$ 12,910,493	\$ 13,600,563	\$ 690,070

The increases in the above revenue sources were caused by a combination of an improving economy and the impact of visitors from special events. The City continues to employ a conservative forecast for estimated revenues. Taxes were greater than estimated because of growth in two tax classifications. Retail tax classification increased \$637,707 or 9%; and restaurant and bar tax classification increased \$75,530 or 7% compared to the prior fiscal year.

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	\$ 17,365,465	\$ 16,965,799	\$ (399,666)
Services and other charges	5,456,187	4,779,677	(676,510)
Supplies	1,076,792	894,476	(182,316)
Property	251,068	253,714	2,646
Capital Outlay	549,194	546,122	(3,072)
Debt service	280,299	278,368	(1,931)
Transfers	3,078,057	2,915,146	(162,911)
	<u>\$ 28,057,062</u>	<u>\$ 26,633,302</u>	<u>\$ (1,423,760)</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 \$252,000 of personnel savings are from the Police Department. Due to reserves in the Risk Management Fund, approximately \$120,000 was not charged to the General Fund. Other budgetary savings are from external legal services \$63,000; and prison inmate costs of approximately \$65,000. Lower than estimated fuel prices resulted in approximately \$67,000 in budgetary savings.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2017, the City had invested \$159,548,075 (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 3.8%.

**City of Bullhead City, Arizona**  
**Capital Assets**  
As of June 30, 2017  
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	6/30/2017	6/30/2016	6/1/3017	6/1/3016	6/30/2017	6/30/2016
Capital assets not being depreciated:						
Land and improvements	\$ 3,164,161	\$ 3,116,025	\$ 620,883	\$ 620,883	\$ 3,785,044	\$ 3,736,908
Water			3,607,573	3,507,613	3,607,573	3,507,613
Construction in progress	861,435	2,271,343	7,817,580	9,005,489	8,679,015	11,276,832
Depreciable capital assets:						
Buildings	7,014,972	7,774,317	112,236	115,977	7,127,208	7,890,294
Improvements, other than buildings	1,695,084	792,265	50,176	60,212	1,745,260	852,477
Furniture, vehicles and equipment	3,415,114	1,700,046	796,912	1,015,574	4,212,026	2,715,620
Infrastructure	29,937,808	35,030,683	100,454,141	100,826,450	130,391,949	135,857,133
Total	<u>\$ 46,088,574</u>	<u>\$ 50,684,679</u>	<u>\$ 113,459,501</u>	<u>\$ 115,152,198</u>	<u>\$ 159,548,075</u>	<u>\$ 165,836,877</u>

Major capital asset events during the year include the following:

- The completion of police radio upgrade system at cost of \$1,476,474.
- The purchase of street slurry/microsurfacing machine at cost of \$432,521 for the Street Division.
- The purchase of two vehicles a cost of \$52,757 for the Recreation Division.
- The purchase of replacement police equipment at a cost of \$130,351.
- The purchase of three police replacement vehicles at a cost of \$125,556.
- Construction in Progress additions during fiscal year 2017 with \$1.85 million in Wastewater Capital Projects and \$1.47 million in Governmental Capital Projects.

The City had commitments of approximately \$405,000 for capital expenditures commitments as of June 30, 2017.

Additional information on Bullhead City's capital assets can be found in Note 6 on pages 54-55 of this report.

### **Long-Term Debt**

As of June 30, 2017, the City had \$44,677,957 in bonded, and note debt. Of this amount, \$29,915,704 is debt backed the full faith and credit of the City and \$14,762,253 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, 2017

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2016</u>
Revenue bonds, net of premiums and discounts	\$ 9,144,402	\$ 10,732,236	\$ 20,771,302	\$ 23,512,426	\$ 29,915,704	\$ 34,244,662
Notes payable- Water Infrastructure Financing Authority	14,762,253	16,944,185			14,762,253	16,944,185
Capital lease obligation	80,155	158,355	124,845	246,645	205,000	405,000
Net pension liabilities	23,928,824	18,314,074			23,928,824	18,314,074
Compensated absences	<u>3,070,073</u>	<u>2,591,035</u>	<u>531,636</u>	<u>490,906</u>	<u>3,601,709</u>	<u>3,081,941</u>
<b>Total</b>	<b><u>\$ 50,985,707</u></b>	<b><u>\$ 48,739,885</u></b>	<b><u>\$ 21,427,783</u></b>	<b><u>\$ 24,249,977</u></b>	<b><u>\$ 72,413,490</u></b>	<b><u>\$ 72,989,862</u></b>

During fiscal year 2017, the City's total long-term liabilities decreased by \$576,372 or 0.8 percent. The reason for reduction of debt can be attributed to regularly scheduled debt payments; issuance of new debt; refinancing of outstanding debt; and completion of a note payable.

Bullhead City issued Series 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. This bond issue matured July 1, 2017.

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 2017 was \$1,812 and 2016 was \$1,826 based on 2016 US Census Estimate of 39,970.

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 56-60 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 2017-18 budget.

- Estimated city sales tax revenue with an increase of 9.8 percent compared to estimated 2016 tax collections. This projected increase included development incentive to DOT Foods. Excluding the development incentive, the projected increase is 3.4 percent of additional tax revenue.
- State shared revenue distributions were estimated to increase 3.4 percent per the State of Arizona projections.
- No increase of the City's engineering and building fees on comprehensive fee schedule by the social security consumer price index.
- An increase of 44.1 percent in employer public safety retirement costs for a total of 47.59 percent for Tier 1 employees.
- The unemployment rate for Bullhead City at April 2017 was 5.5% compared to the April 2016 rate of 7.2%.

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

The General Fund operating budget for fiscal year 2017-18 appropriation is \$27,690,328, an increase of 6.8%, or \$1,755,723 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, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,122,333	\$ 1,277,188	\$ 14,399,521
Receivables (net of allowances)			
Accounts	860,118	1,711,775	2,571,893
Taxes	288,078	-	288,078
Intergovernmental	2,865,347	-	2,865,347
Prepays and inventory	614,320	-	614,320
Restricted cash	1,908,215	3,004,022	4,912,237
Special assessment receivable	12,903,638	-	12,903,638
Internal balances	775,567	(775,567)	-
Capital assets:			
Non-depreciable	4,025,596	12,046,036	16,071,632
Depreciable (net)	42,062,978	101,413,465	143,476,443
Total assets	<u>79,426,190</u>	<u>118,676,919</u>	<u>198,103,109</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	4,458,121	-	4,458,121
Deferred outflows of employer contributions to pensions	1,586,000	-	1,586,000
Deferred charge on debt refunding	96,441	534,182	630,623
Total deferred outflows of resources	<u>6,140,562</u>	<u>534,182</u>	<u>6,674,744</u>
<b>LIABILITIES</b>			
Accounts payable	1,103,364	1,209,835	2,313,199
Accrued payroll and related liabilities	773,436	88,270	861,706
Other liabilities	64,139	48,589	112,728
Deposits held for others	499,579	229,006	728,585
Interest payable	97,795	324,874	422,669
Long-term liabilities:			
Due within one year:			
Compensated absences	767,518	132,909	900,427
Capital leases payable	80,155	124,845	205,000
Notes payable	2,181,932	-	2,181,932
Bonds payable	1,595,402	2,673,598	4,269,000
Due in more than one year:			
Compensated absences	2,302,555	398,727	2,701,282
Notes payable	12,580,321	-	12,580,321
Bonds payable	7,549,000	18,097,704	25,646,704
Net pension liabilities	23,928,824	-	23,928,824
Total liabilities	<u>53,524,020</u>	<u>23,328,357</u>	<u>76,852,377</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	1,313,281	-	1,313,281
Deferred revenues	3,891	-	3,891
Total deferred inflows of resources	<u>1,317,172</u>	<u>-</u>	<u>1,317,172</u>
<b>NET POSITION</b>			
Net investment in capital assets	22,221,892	93,097,536	115,319,428
Restricted for:			
Highways and streets	421,313	-	421,313
Community development	1,159,866	-	1,159,866
Public safety	229,003	-	229,003
Other purposes	205,903	-	205,903
Capital projects	1,536,893	-	1,536,893
Debt service	2,340,099	3,004,022	5,344,121
Unrestricted (deficit)	2,610,591	(218,814)	2,391,777
Total net position	<u>\$ 30,725,560</u>	<u>\$ 95,882,744</u>	<u>\$ 126,608,304</u>

CITY OF BULLHEAD CITY, ARIZONA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 10,585,233	\$ 2,926,097	\$ 848,479	\$ 424,586
Public safety	16,015,760	1,766,777	100,304	-
Culture and recreation	4,472,137	1,466,672	709,234	-
Economic development	338,784	-	-	-
Redevelopment and housing	661,590	150	753,638	-
Highways and streets	9,714,104	42,401	4,908,087	-
Health and welfare	869,290	-	-	-
Interest on long-term debt	734,998			
Total governmental activities	<u>43,391,896</u>	<u>6,202,097</u>	<u>7,319,742</u>	<u>424,586</u>
Business-type activities				
Wastewater	9,582,628	9,001,715	-	654,272
Water utility	30,619	59,389	-	-
Total business-type activities	<u>9,613,247</u>	<u>9,061,104</u>	<u>-</u>	<u>654,272</u>
Total government	<u>\$ 53,005,143</u>	<u>\$ 15,263,201</u>	<u>\$ 7,319,742</u>	<u>\$ 1,078,858</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

Net position, end of year

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (6,386,071)	\$ -	\$ (6,386,071)
(14,148,679)	-	(14,148,679)
(2,296,231)	-	(2,296,231)
(338,784)	-	(338,784)
92,198	-	92,198
(4,763,616)	-	(4,763,616)
(869,290)	-	(869,290)
(734,998)	-	(734,998)
<u>(29,445,471)</u>	<u>-</u>	<u>(29,445,471)</u>
-	73,359	73,359
-	28,770	28,770
-	<u>102,129</u>	<u>102,129</u>
<u>(29,445,471)</u>	<u>102,129</u>	<u>(29,343,342)</u>
12,866,671	-	12,866,671
733,892	-	733,892
3,614,505	-	3,614,505
4,825,811	-	4,825,811
2,295,131	-	2,295,131
49,483	43,704	93,187
<u>(177,067)</u>	<u>177,067</u>	<u>-</u>
<u>24,208,426</u>	<u>220,771</u>	<u>24,429,197</u>
<u>(5,237,045)</u>	<u>322,900</u>	<u>(4,914,145)</u>
<u>35,962,605</u>	<u>95,559,844</u>	<u>131,522,449</u>
<u>\$ 30,725,560</u>	<u>\$ 95,882,744</u>	<u>\$ 126,608,304</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, 2017

	General	SID Debt Service Funds	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,195,816	\$ 2,615,579	\$ 2,975,521	\$ 12,786,916
Restricted cash	52,755	-	1,855,460	1,908,215
Receivables, net of allowances for uncollectibles:				
Accounts	643,218	-	210,942	854,160
Taxes	210,494	-	77,584	288,078
Intergovernmental	2,158,065	-	707,282	2,865,347
Due from other funds	1,880,142	-	-	1,880,142
Inventory and Prepays	578,626	-	-	578,626
Special assessments receivable	-	12,902,244	1,394	12,903,638
Advance to other funds	775,567	-	-	775,567
<b>Total assets</b>	<b>\$ 13,494,683</b>	<b>\$ 15,517,823</b>	<b>\$ 5,828,183</b>	<b>\$ 34,840,689</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 554,105	\$ 5,567	\$ 267,849	\$ 827,521
Accrued payroll and related liabilities	672,822	-	87,648	760,470
Due to other funds	-	-	1,667,604	1,667,604
Other liabilities	52,540	1,350	6,292	60,182
Deposits held for others	150,358	349,221	-	499,579
Interest payable	-	-	97,795	97,795
Matured bonds payable	-	-	1,595,402	1,595,402
<b>Total liabilities</b>	<b>1,429,825</b>	<b>356,138</b>	<b>3,722,590</b>	<b>5,508,553</b>
Deferred inflows of resources				
Unavailable revenue - other	610,111	-	120,870	730,981
Unavailable revenue - special assessments	-	12,823,731	35,891	12,859,622
<b>Total deferred inflows of resources</b>	<b>610,111</b>	<b>12,823,731</b>	<b>156,761</b>	<b>13,590,603</b>
<b>FUND BALANCES</b>				
Nonspendable				
Inventory and Prepays	578,626	-	-	578,626
Advances to other funds	775,567	-	-	775,567
Restricted				
Highways and streets	-	-	421,313	421,313
Community development	-	-	1,159,866	1,159,866
Public safety	8,465	-	220,538	229,003
Capital projects	-	-	1,560,580	1,560,580
Debt service	-	2,337,954	2,145	2,340,099
Other purposes	44,290	-	161,613	205,903
Unassigned	10,047,799	-	(1,577,223)	8,470,576
<b>Total fund balances</b>	<b>11,454,747</b>	<b>2,337,954</b>	<b>1,948,832</b>	<b>15,741,533</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 13,494,683</b>	<b>\$ 15,517,823</b>	<b>\$ 5,828,183</b>	<b>\$ 34,840,689</b>

See accompanying notes.

CITY OF BULLHEAD CITY, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
June 30, 2017

Fund balances - total governmental funds			\$ 15,741,533
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			46,088,574
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.			13,590,603
Deferred charges and credits on debt refundings are applicable to future reporting periods and, therefore, are not reported in the funds.			96,441
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the funds:			
Revenue bonds	\$ (7,549,000)		
Notes payable	(14,762,253)		
Capital leases	(80,155)		
Net pension liability	(23,928,824)		
Compensated absences	<u>(3,070,073)</u>	(49,390,305)	
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore are not reported in the funds.			4,730,840
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	377,069		
Current liabilities	(505,304)		
Deferred inflows of resources	<u>(3,891)</u>	<u>(132,126)</u>	
Total net position of governmental activities			<u><u>\$ 30,725,560</u></u>

CITY OF BULLHEAD CITY, ARIZONA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2017

	General Fund	SID Debt Service Funds	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
City tax revenue	\$ 13,600,563	\$ -	\$ -	\$ 13,600,563
Intergovernmental	10,735,447	-	6,891,654	17,627,101
Charges for services	1,122,815	-	1,739,944	2,862,759
Special assessments	-	3,060,513	125,138	3,185,651
Licenses and permits	616,791	-	-	616,791
Fines and forfeitures	1,057,371	-	124,241	1,181,612
Rents	67,216	-	-	67,216
Investment earnings	26,044	9,010	14,429	49,483
Other revenues	293,691	1,053	764,799	1,059,543
Total revenues	<u>27,519,938</u>	<u>3,070,576</u>	<u>9,660,205</u>	<u>40,250,719</u>
<b>EXPENDITURES</b>				
Current:				
General government	7,661,640	91,082	1,930,626	9,683,348
Public safety	11,496,179	-	137,175	11,633,354
Culture and recreation	2,785,120	-	1,185,899	3,971,019
Economic development	342,288	-	-	342,288
Redevelopment and housing	-	-	676,210	676,210
Highways and streets	-	-	2,694,859	2,694,859
Health and welfare	524,563	-	344,727	869,290
Debt service:				
Principal	244,685	2,181,932	1,450,403	3,877,020
Interest and fiscal charges	33,683	415,967	170,566	620,216
Capital outlay	629,996	-	3,482,547	4,112,543
Total expenditures	<u>23,718,154</u>	<u>2,688,981</u>	<u>12,073,012</u>	<u>38,480,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,801,784</u>	<u>381,595</u>	<u>(2,412,807)</u>	<u>1,770,572</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	12,941	-	505	13,446
Transfers in	81,533	-	4,892,104	4,973,637
Transfers out	(2,915,146)	-	(2,235,558)	(5,150,704)
Total other financing (uses) sources	<u>(2,820,672)</u>	<u>-</u>	<u>2,657,051</u>	<u>(163,621)</u>
Net change in fund balances	<u>981,112</u>	<u>381,595</u>	<u>244,244</u>	<u>1,606,951</u>
Fund balances - beginning of year	<u>10,473,635</u>	<u>1,956,359</u>	<u>1,704,588</u>	<u>14,134,582</u>
Fund balances - end of year	<u>\$ 11,454,747</u>	<u>\$ 2,337,954</u>	<u>\$ 1,948,832</u>	<u>\$ 15,741,533</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, 2017

Net change in fund balances - total governmental funds \$ 1,606,951

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	\$ 3,108,978	
Depreciation expense	(7,705,083)	(4,596,105)

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.

(3,601,826)

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

(1,925,417)

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

Principal repaid	3,855,533	
Amortization of deferred charge/credit on debt refunding	123,081	3,978,614

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	(479,038)
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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.

(220,224)

Change in net position of governmental activities

\$ (5,237,045)

# 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, 2017

ASSETS	Business-type Activities-Enterprise Funds			Governmental
	Wastewater	Water	Total	Activities
	Fund	Fund		Internal Services Funds
Current assets				
Cash and cash equivalents	\$ 1,274,897	\$ 2,291	\$ 1,277,188	\$ 335,417
Accounts receivable, net	1,711,775	-	1,711,775	5,958
Inventory	-	-	-	35,694
Total current assets	<u>2,986,672</u>	<u>2,291</u>	<u>2,988,963</u>	<u>377,069</u>
Noncurrent assets				
Restricted cash	3,004,022	-	3,004,022	-
Capital assets:				
Capital assets, not being depreciated	8,438,464	3,607,572	12,046,036	-
Capital assets, being depreciated, net	101,413,465	-	101,413,465	2,104,789
Total noncurrent assets	<u>112,855,951</u>	<u>3,607,572</u>	<u>116,463,523</u>	<u>2,104,789</u>
Total assets	<u>115,842,623</u>	<u>3,609,863</u>	<u>119,452,486</u>	<u>2,481,858</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on debt refunding	534,182	-	534,182	-
Total deferred outflows of resources	<u>534,182</u>	<u>-</u>	<u>534,182</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Accounts payable	1,207,706	2,129	1,209,835	275,843
Accrued payroll and related liabilities	88,270	-	88,270	12,966
Due to other funds	-	-	-	212,538
Other liabilities	48,589	-	48,589	3,957
Deposits held for others	229,006	-	229,006	-
Current portion of:				
Interest payable	324,874	-	324,874	-
Bonds payable	2,673,598	-	2,673,598	-
Capital lease payable	124,845	-	124,845	-
Compensated absences	132,909	-	132,909	-
Total current liabilities	<u>4,829,797</u>	<u>2,129</u>	<u>4,831,926</u>	<u>505,304</u>
Noncurrent liabilities				
Compensated absences	398,727	-	398,727	-
Advance from other funds	-	775,567	775,567	-
Capital leases payable	-	-	-	-
Bonds payable, net	18,097,704	-	18,097,704	-
Total noncurrent liabilities	<u>18,496,431</u>	<u>775,567</u>	<u>19,271,998</u>	<u>-</u>
Total liabilities	<u>23,326,228</u>	<u>777,696</u>	<u>24,103,924</u>	<u>505,304</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	-	-	-	3,891
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,891</u>
NET POSITION				
Net investment in capital assets	89,489,964	3,607,572	93,097,536	2,104,789
Restricted for debt service	3,004,022	-	3,004,022	-
Unrestricted (deficit)	556,591	(775,405)	(218,814)	(132,126)
Total net position	<u>\$ 93,050,577</u>	<u>\$ 2,832,167</u>	<u>\$ 95,882,744</u>	<u>\$ 1,972,663</u>





CITY OF BULLHEAD CITY, ARIZONA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2017

	Business-type Activities-Enterprise Funds			Governmental
	Wastewater		Total	Activities
	Fund	Fund		Internal Services Funds
Operating revenues				
Charges for services	\$ 8,979,013	\$ -	\$ 8,979,013	\$ 5,498,338
Application fees, tap fees and other	-	54,552	54,552	-
Other revenues	6,001	4,837	10,838	374,156
Total operating revenue	<u>8,985,014</u>	<u>59,389</u>	<u>9,044,403</u>	<u>5,872,494</u>
Operating expenses				
Salaries and related expenses	2,795,722	-	2,795,722	427,114
Medical claims and self-insurance	-	-	-	4,161,136
Administration	762,053	30,619	792,672	1,392,014
Utilities	853,993	-	853,993	31,503
Maintenance, supplies and equipment	288,563	-	288,563	37,165
Depreciation	3,872,957	-	3,872,957	244,185
Other	264,947	-	264,947	53,127
Total operating expenses	<u>8,838,235</u>	<u>30,619</u>	<u>8,868,854</u>	<u>6,346,244</u>
Operating income (loss)	<u>146,779</u>	<u>28,770</u>	<u>175,549</u>	<u>(473,750)</u>
Non-operating Revenues (Expenses)				
Investment income	43,320	384	43,704	1,614
Gain (loss) on disposal of capital assets	-	-	-	7,728
Interest expense and fiscal charges	(727,692)	-	(727,692)	-
Total nonoperating revenue (expense)	<u>(684,372)</u>	<u>384</u>	<u>(683,988)</u>	<u>9,342</u>
Income (loss) before contributions and transfers	(537,593)	29,154	(508,439)	(464,408)
Capital contributions	654,272	-	654,272	196,375
Transfers in	139,410	100,000	239,410	-
Transfers out	(62,343)	-	(62,343)	-
Change in net position	<u>193,746</u>	<u>129,154</u>	<u>322,900</u>	<u>(268,033)</u>
Net position, beginning of year	92,856,831	2,703,013	95,559,844	2,240,696
Restatement	-	-	-	-
Net position, beginning of year - restated	<u>92,856,831</u>	<u>2,703,013</u>	<u>95,559,844</u>	<u>2,240,696</u>
Total net position-end of year	<u>\$ 93,050,577</u>	<u>\$ 2,832,167</u>	<u>\$ 95,882,744</u>	<u>\$ 1,972,663</u>

CITY OF BULLHEAD CITY, ARIZONA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2017

	Business-type Activities-Enterprise Funds			Governmental
	Wastewater Fund	Water Fund	Total	Activities Internal Services Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 8,394,087	\$ 54,552	\$ 8,448,639	\$ -
Receipts from interfund services	-	-	-	5,497,785
Other operating receipts	6,001	4,837	10,838	374,156
Payments to suppliers	(1,704,085)	(29,573)	(1,733,658)	(5,624,337)
Payments to employees	(2,745,612)	-	(2,745,612)	(426,663)
Cash flows from operating activities	<u>3,950,391</u>	<u>29,816</u>	<u>3,980,207</u>	<u>(179,059)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments from other funds	-	(98,886)	(98,886)	-
Payments to other funds	-	-	-	25,574
Interfund transfers	77,067	100,000	177,067	-
Cash flows from noncapital and related financing activities	<u>77,067</u>	<u>1,114</u>	<u>78,181</u>	<u>25,574</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Purchase of capital assets	(1,426,029)	(99,960)	(1,525,989)	-
Proceeds from sale of capital assets	-	-	-	7,728
Principal paid on long term debt	(2,868,966)	-	(2,868,966)	-
Interest paid on long-term debt	(681,493)	-	(681,493)	-
Cash flows from capital and related financing activities	<u>(4,976,488)</u>	<u>(99,960)</u>	<u>(5,076,448)</u>	<u>7,728</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	43,320	384	43,704	1,614
Cash flows from investing activities	<u>43,320</u>	<u>384</u>	<u>43,704</u>	<u>1,614</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(905,710)</b>	<b>(68,646)</b>	<b>(974,356)</b>	<b>(144,143)</b>
Cash and cash equivalents at beginning of year	5,184,629	70,937	5,255,566	479,560
Cash and cash equivalents at end of year	<u>\$ 4,278,919</u>	<u>\$ 2,291</u>	<u>\$ 4,281,210</u>	<u>\$ 335,417</u>

	Business-type Activities-Enterprise Funds			Governmental
	Wastewater Fund	Water Fund	Total	Activities Internal Services Funds
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Net operating income (loss)	\$ 146,779	\$ 28,770	\$ 175,549	\$ (473,750)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/amortization expense	3,872,957	-	3,872,957	244,185
Provision for bad debt	16,701	-	16,701	-
Changes in operating assets and liabilities (Increase)/decrease in:				
Accounts receivable	(587,727)	-	(587,727)	3,338
Inventory and prepaid items	-	-	-	1,086
Increase/(decrease) in:				
Accounts payable	968,271	1,046	969,317	49,522
Accrued payroll and related liabilities	9,380	-	9,380	451
Other liabilities	(502,800)	-	(502,800)	-
Customer deposits	(13,900)	-	(13,900)	-
Unearned revenue	-	-	-	(3,891)
Compensated absences	40,730	-	40,730	-
Net cash provided (used) by operating activities:	<u>\$ 3,950,391</u>	<u>\$ 29,816</u>	<u>\$ 3,980,207</u>	<u>\$ (179,059)</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets	\$ 654,272	\$ -	\$ 654,272	\$ 196,375
Special items - debt forgiveness	-	-	1,660,154	-
Amortization of bond premium	6,042	-	6,042	-
Amortization of deferred charge on refunding	73,445	-	73,445	-
Reconciliation of cash and cash equivalents to the statement of net position				
Cash and cash equivalents	1,274,897	2,291	1,277,188	335,417
Restricted cash	3,004,022	-	3,004,022	-
Total cash and cash equivalents	<u>\$ 4,278,919</u>	<u>\$ 2,291</u>	<u>\$ 4,281,210</u>	<u>\$ 335,417</u>



# **Notes to the Financial Statements**

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CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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.



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.

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

Additionally, the City reports the following fund type:

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

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

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.

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, 2017 was \$108,000, which represents approximately 5.9% of the current trade receivables balance. There is no allowance for uncollectibles on special assessments receivable as the City has a subordinated lien on all properties subject to the special assessments.

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Policies (Continued)

Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Manager is authorized to assign amounts to a specific purpose in accordance with the City's budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

O. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues

P. Special assessments

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

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

S. Use of estimates

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

T. Budgetary information

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

U. Expenditures over Appropriations

The 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, 2017.

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. Deficit fund balance

At June 30, 2017, the following funds reported deficits in net position or fund balances:

<u>Fund</u>	<u>Deficit</u>
Bullhead Parkway Improvement District	\$1,149,141
REO	379,795
Employee Benefit Trust	42,616
Senior Nutrition Center	36,822
CDBG/HTF	9,369
Victim Services Grant	1,651
Police Grant	445

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.

As of June 30, 2017, the City's carrying amount of deposits was \$4,043,223 and the bank balance was \$4,222,832. As of June 30, 2017, 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 \$4,912,237 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.



CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

**Investments:**

As of June 30, 2017, the City's deposit with the State Treasurer's local government investment pool 5 was \$10,356,298.

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, 2017, credit risk for the City's investments was as follows:

Investment Type	Total	Ratings		
		AAAF/S1+	AAA	Unrated
Primary Government LGIP	\$ 10,356,298	\$ 10,356,298	\$ -	\$ -
Total	\$ 10,356,298	\$ 10,356,298	\$ -	\$ -

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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, 2017, the City had the following investments:

<u>Investment Type</u>	<u>Remaining Maturity 12 Months or Less</u>
Primary Government	
LGIP	\$ 10,356,298
Total	<u>\$ 10,356,298</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, 2017, 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, 2017 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	SID Debt	Nonmajor	Wastewater	Internal	Total
	Fund	Service	Governmental	Fund	Service	
	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>	<u>Total</u>
Receivables:						
Accounts	\$ 643,218	\$ -	\$ 210,942	\$ 1,820,654	\$ 5,958	\$ 2,680,772
Taxes	210,494	-	77,584	-	-	288,078
Intergovernmental	2,158,065	-	707,282	-	-	2,865,347
Special assessments	-	12,902,244	1,394	-	-	12,903,638
Gross receivables	<u>3,011,777</u>	<u>12,902,244</u>	<u>997,202</u>	<u>1,820,654</u>	<u>5,958</u>	<u>18,737,835</u>
Less: Allowance for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108,879)</u>	<u>-</u>	<u>(108,879)</u>
Net total receivables	<u>\$ 3,011,777</u>	<u>\$ 12,902,244</u>	<u>\$ 997,202</u>	<u>\$ 1,711,775</u>	<u>\$ 5,958</u>	<u>\$ 18,628,956</u>

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 4 INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2017 is as follows:

**Due to/from other funds:**

Fund	Receivable Amount	Payable Amount
General Fund	\$ 1,880,142	\$ -
Non-Major Governmental Funds	-	1,667,604
Internal Service Funds	-	212,538
Total	\$ 1,880,142	\$ 1,880,142

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	\$ 775,567

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, 2017 is as follows:

Fund	Transfers Out	Transfers In
General Fund	\$ 2,915,146	\$ 81,533
Non-Major Governmental Funds	2,235,558	4,892,104
Wastewater Fund	62,343	139,410
Water Fund	-	100,000
Total	\$ 5,213,047	\$ 5,213,047

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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, 2017 was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,116,025	\$ 48,136	\$ -	\$ 3,164,161
Construction in progress	2,271,343	1,476,463	(2,886,371)	861,435
Total capital assets not being depreciated	<u>5,387,368</u>	<u>1,524,599</u>	<u>(2,886,371)</u>	<u>4,025,596</u>
Capital assets being depreciated:				
Buildings	20,173,238	-	-	20,173,238
Improvements, other than buildings	3,317,082	1,071,352	-	4,388,434
Furniture, vehicles and equipment	17,800,962	2,548,390	(181,107)	20,168,245
Infrastructure	149,961,508	851,008	-	150,812,516
Total capital assets being depreciated	<u>191,252,790</u>	<u>4,470,750</u>	<u>(181,107)</u>	<u>195,542,433</u>
Less accumulated depreciation:				
Buildings	(12,398,921)	(759,345)	-	(13,158,266)
Improvements, other than buildings	(2,524,817)	(168,533)	-	(2,693,350)
Furniture, vehicles and equipment	(16,100,916)	(833,322)	181,107	(16,753,131)
Infrastructure	(114,930,825)	(5,943,883)	-	(120,874,708)
Total accumulated depreciation	<u>(145,955,479)</u>	<u>(7,705,083)</u>	<u>181,107</u>	<u>(153,479,455)</u>
Total capital assets being depreciation, net	<u>45,297,311</u>	<u>(3,234,333)</u>	<u>-</u>	<u>42,062,978</u>
Governmental activities capital assets, net	<u>\$ 50,684,679</u>	<u>\$ (1,709,734)</u>	<u>\$ (2,886,371)</u>	<u>\$ 46,088,574</u>

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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	3,507,613	99,960	-	3,607,573
Construction in progress	9,005,489	1,850,819	(3,038,728)	7,817,580
Total capital assets not being depreciated	<u>13,133,985</u>	<u>1,950,779</u>	<u>(3,038,728)</u>	<u>12,046,036</u>
Capital assets being depreciated:				
Buildings	149,647	-	-	149,647
Improvements, other than buildings	123,874	-	-	123,874
Equipment and vehicles	3,799,302	200,624	-	3,999,926
Wastewater facilities, equipment and collection lines	141,870,269	3,067,585	-	144,937,854
Total capital assets being depreciated	<u>145,943,092</u>	<u>3,268,209</u>	<u>-</u>	<u>149,211,301</u>
Less accumulated depreciation:				
Buildings	(33,670)	(3,741)	-	(37,411)
Improvements, other than buildings	(63,662)	(10,036)	-	(73,698)
Equipment and vehicles	(2,783,728)	(419,286)	-	(3,203,014)
Wastewater facilities, equipment and collection lines	(41,043,819)	(3,439,894)	-	(44,483,713)
Total accumulated depreciation	<u>(43,924,879)</u>	<u>(3,872,957)</u>	<u>-</u>	<u>(47,797,836)</u>
Total capital assets being depreciation, net	<u>102,018,213</u>	<u>(604,748)</u>	<u>-</u>	<u>101,413,465</u>
Business-type activities capital assets, net	<u>\$ 115,152,198</u>	<u>\$ 1,346,031</u>	<u>\$ (3,038,728)</u>	<u>\$ 113,459,501</u>

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

Governmental activities:	
General government	\$ 990,528
Highways and streets	5,889,702
Culture and recreation	411,549
Public safety	413,304
Total depreciation expense - governmental activities	<u>\$ 7,705,083</u>
Business-type activities:	
Wastewater Fund	<u>\$ 3,872,957</u>
Total depreciation expense - business-type activities	<u>\$ 3,872,957</u>

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

NOTE 7 LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2017 was as follows:

<b>Governmental activities:</b>	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable					
Revenue bonds	\$10,732,236	\$ -	\$ (1,587,834)	\$ 9,144,402	\$ 1,595,402
Notes payable - Water					
Infrastructure Financing Authority	16,944,185	-	(2,181,932)	14,762,253	2,181,932
Capital leases	158,355	-	(78,200)	80,155	80,155
Net pension liabilities	18,314,074	5,614,750	-	23,928,824	-
Compensated absence	2,591,035	2,449,877	(1,970,839)	3,070,073	767,518
Governmental activities long term liabilities	<u>\$48,739,885</u>	<u>\$ 8,064,627</u>	<u>\$ (5,818,805)</u>	<u>\$ 50,985,707</u>	<u>\$ 4,625,007</u>
<b>Business type activities:</b>					
Revenue bonds	\$23,560,764	\$ -	\$ (2,747,166)	\$ 20,813,598	\$ 2,673,598
Less deferred amounts:					
For issuance discounts and premiums	(48,338)	-	6,042	(42,296)	-
Total bonds payable	23,512,426	-	(2,741,124)	20,771,302	2,673,598
Capital leases	246,645	-	(121,800)	124,845	124,845
Compensated absence	490,906	324,804	(284,074)	531,636	132,909
Business-type activities long term liabilities	<u>\$24,249,977</u>	<u>\$ 324,804</u>	<u>\$ (3,146,998)</u>	<u>\$ 21,427,783</u>	<u>\$ 2,931,352</u>

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

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 7 LONG-TERM LIABILITIES (Continued)

**Bonds payable:**

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

Bonds currently outstanding at year end are as follows:

	Original amount	Interest rates	Year of maturity	Outstanding principal
<b>Governmental activities:</b>				
MPC Excise Tax Revenue Bonds, Series 2013	\$ 6,605,000	2.48%	2021	\$ 6,405,000
MPC Excise Tax Revenue Bonds, Series 2015 A	2,658,236	0.67%	2018	1,335,402
MPC Excise Tax Revenue Bonds, Series 2015 B	<u>1,554,000</u>	1.98%	2026	<u>1,404,000</u>
Total governmental activities	<u>\$ 10,817,236</u>			<u>\$ 9,144,402</u>
<b>Business-type activities:</b>				
MPC Municipal Facilities Bonds, Series 2009	\$ 17,960,000	3.795%	2027	\$ 7,340,000
MPC Municipal Facilities Bonds, Series 2013	15,845,000	3.25% - 5.00%	2025	12,790,000
MPC Municipal Facilities Bonds, Series 2015 A	<u>1,360,764</u>	0.67%	2018	<u>683,598</u>
Total business-type activities	<u>\$ 35,165,764</u>			<u>\$ 20,813,598</u>

CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

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
2018	\$ 1,595,402	\$ 188,255	\$ 2,673,598	\$ 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	1,786,000	34,706	2,095,000	376,768
2023-2027	654,000	26,195	10,135,000	827,719
Total	<u>\$ 9,144,402</u>	<u>\$ 607,437</u>	<u>\$ 20,813,598</u>	<u>\$ 3,338,952</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:

Governmental activities:	Original amount	Interest rates	Year of maturity	Outstanding principal
Water Infrastructure Finance Authority, 2004	\$ 11,686,806	2.892%	2023	\$ 2,947,945
Water Infrastructure Finance Authority, 2006	<u>28,422,230</u>	2.340%	2025	<u>11,814,308</u>
Total	<u>\$ 40,109,036</u>			<u>\$ 14,762,253</u>



CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 7 LONG-TERM LIABILITIES (Continued)

**Notes payable: (Continued)**

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

Year ending June 30,	Governmental Activities	
	Principal	Interest
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	2,181,932	127,018
2022-2025	3,852,593	94,213
Total	<u>\$ 14,762,253</u>	<u>\$ 1,385,398</u>

**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	5,098,356	7,229,010
	3,494,054	5,098,356	8,592,410
Less accumulated depreciation	(2,719,002)	(3,037,465)	(5,756,467)
Totals	<u>\$ 775,052</u>	<u>\$ 2,060,891</u>	<u>\$ 2,835,943</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017, were as follows:

Year ended June 30,	Governmental Activities	Business-type Activities	Total
2018	\$ 81,421	\$ 126,818	\$ 208,239
Total minimum lease payments	81,421	126,818	208,239
Less amount representing Interest	(1,266)	(1,973)	(3,239)
Present value of future minimum payments	<u>\$ 80,155</u>	<u>\$ 124,845</u>	<u>\$ 205,000</u>

NOTE 7 LONG-TERM LIABILITIES (Continued)

***Compensated absences and claims and judgments:***

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

NOTE 8 CONTINGENCIES

***Risk management:***

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City uses a combination of self-insurance and third party insurance. The City is self-insured for general and automobile liability. An excess coverage insurance policy is available for individual claims in excess of \$75,000, and is provided by the Arizona Municipal Risk Retention Pool.

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

***Consent decree with Arizona Department of Environmental Quality:***

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

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

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 8 CONTINGENCIES (Continued)

**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 \$405,000 in commitments to contractors for construction projects.

**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 lease at June 30, 2017, were as follows:

Year Ending June 30,	Governmental Activities
2018	\$ 30,000
2019	30,000
2020	30,000
2021	30,000
2022	30,000
2023-2027	150,000
2028-2032	150,000
2033-2037	150,000
2038-2042	150,000
2043-2046	120,000
Total minimum lease payments	\$ 870,000

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

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, 2017, the City reported the following aggregate amounts related to pensions for all plans to which it contributes:

<u>Statement of Net Position and Statement of Activities</u>	<u>Governmental Activities</u>
Net pension liabilities	\$ 23,928,824
Deferred outflows of resources	6,044,121
Deferred inflows of resources	1,313,281
Pension expense	5,187,826

The City reported \$1,586,000 of pension contributions as expenditures in the governmental funds related to all pension plans to which it contributes.

**A. Defined Contribution Plan**

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

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

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

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

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**A. Defined Contribution Plan (Continued)**

Funding Policy – The plan is available to all full-time employees of the City, except police personnel who are covered under the Arizona Public Safety Personnel Retirement System (PSPRS). The plan requires participants to contribute 6.25 percent of their earnings and the City to contribute 9.05 percent. Normal retirement age is 65 (59 ½ effective July 1, 2002). Member and employee contributions are recognized in the period that the contributions are due. The employee’s contributions is on hundred percent (100%) per year of service for exempt employees and twenty-five percent (25%) per year of service for non-exempt employees. Thus exempt employees are vested at one hundred percent (100%) after four years of service. Employees who leave the City’s employment before one year of service do not receive any of the employer contribution. The following describes the payroll and contribution requirements for the year ended June 30, 2017.

	<u>Total Payroll</u>	<u>Covered Payroll</u>	<u>% of Covered Payroll</u>	<u>Required Contributions</u>	<u>Actual Contributions</u>
Employer	16,650,159	\$ 10,858,398	9.05%	982,685	\$ 982,685
Employee		10,689,360	6.25%	668,085	668,085

**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, 2017

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	40% of average monthly compensation or 100% of average monthly compensation if death was the result of injuries received on the job. If there is no surviving spouse or eligible children, the beneficiary is entitled to 2 times	

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

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, 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, 2017, the following employees were covered by the agent pension plans' benefit terms:

	PSPRS Police
Inactive employees or beneficiaries	
currently receiving benefits	39
Inactive employees entitled to	
by not yet receiving benefits	15
Active employees	67
Total	121

**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, 2017, are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Police
Active members - Pension	11.65%
PSPRS members with an initial membership date on or before July 19, 2011:	
City	
Pension	36.15%
Health insurance permium benefit	0.13%
PSPRS members with an initial membership date after July 19, 2011:	
Town	
Pension	32.90%
Health insurance permium benefit	0.13%

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	<u>PSPRS Police</u>
Pension	24.20%
Health insurance permium benefit	0.00%

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, 2017, were:

	<u>PSPRS Police</u>
Pension	
Contributions made	\$ 1,586,000
Health Insurance Permium Benefit	
Annual OPEB cost contributions made	5,703

During fiscal year 2017, the City paid 100 percent of the PSPRS pension and OPEB contributions from the General Fund.

**Pension Liability** - At June 30, 2017, the City reported a PSPRS net pension liabilities of \$23,928,824.

The net pension liability was measured as of June 30, 2016, 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, 2016, 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.
- Laws 2016, Chapter 2, changed the benefit formula and contribution requirements for members hired on or after July 1, 2017.
- The investment rate of return actuarial assumption was decreased from 7.85 percent to 7.50 percent for PSPRS.



CITY OF BULLHEAD CITY, ARIZONA  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2017

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The net pension liabilities measured as of June 30, 2017, will reflect changes of actuarial assumptions based on the results of an actuarial experience study for the 5-year period ended June 30, 2016. The change in the Town's net pension liabilities as a result of these changes 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, 2016
Actuarial cost method	Entry age normal
Investment rate of return	7.50%
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)

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the 5-year period ended June 30, 2011.

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on PSPRS pension plan investments was determined to be 7.50 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** – At June 30, 2016, the discount rate used to measure the PSPRS total pension liability was 7.50 percent, which was a decrease of 0.35 from the discount rate use as of June 30, 2015. 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, 2017

NOTE 9 PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

**Changes in the Net Pension Liability**

PSPRS - Police	Increase (Decrease)		
	Total Pension Liability (a)	Plan	
		Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 38,562,732	\$ 20,248,658	\$ 18,314,074
Changes for the year:			
Service Cost	894,106		894,106
Interest on the total pension liability	2,977,024		2,977,024
Changes of benefit terms	2,485,509		2,485,509
Differences between expected and actual experience in the measurement of the pension liability	(323,350)		(323,350)
Changes of assumptions or other inputs	1,626,214		1,626,214
Contributions - employer		1,391,558	(1,391,558)
Contributions - employee		550,490	(550,490)
Net investment income		118,139	(118,139)
Benefit payments, including refunds of employee contributions	(2,171,832)	(2,171,832)	-
Administrative expense		(17,400)	17,400
Other changes		1,966	(1,966)
Net changes	5,487,671	(127,079)	5,614,750
Balances at June 30, 2016	\$ 44,050,403	\$ 20,121,579	\$ 23,928,824

**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 7.50 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 (6.50 percent) or 1 percentage point higher (8.50 percent) than the current rate:

PSPRS - Police	Current		
	1% Decrease 6.50%	Discount Rate 7.50%	1% increase 8.50%
Total pension liability	\$ 49,698,093	\$ 44,050,403	\$ 39,379,656
Plan fiduciary net position	20,121,579	20,121,579	20,121,579
Net pension liability	\$ 29,576,514	\$ 23,928,824	\$ 19,258,077

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

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, 2017, the City recognized \$5,187,826 of PSPRS pension expense.

**Pension Deferred Outflows/Inflows of Resources** - At June 30, 2017, 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
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ -	\$ 905,099
Changes of assumptions or other inputs	2,794,574	-
Net difference between projected and actual earnings on pension plan investments	1,663,547	408,182
City contributions subsequent to the measurement date	<u>1,586,000</u>	<u>-</u>
Total	<u><u>\$ 6,044,121</u></u>	<u><u>\$ 1,313,281</u></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, 2018. 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
	<u>                    </u>
2018	\$ 929,587
2019	929,585
2020	706,310
2021	504,729
2022	74,629
Thereafter	-

**Agent plan OPEB actuarial assumptions** - The health insurance premium benefit contribution requirements for the year ended June 30, 2017, were established by the June 30, 2015, 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, 2017

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 2017 contribution requirements:

PSPRS - OPEB Contribution Requirements

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%/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	Annual OPEB	Percentage of	Net OPEB
Year Ended June 30	Cost	Annual Cost Contributed	Obligation
2017	\$ 5,703	100%	\$ -
2016	10,125	100%	-
2015	71,171	100%	-

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO THE FINANCIAL STATEMENTS  
 June 30, 2017

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, 2016, along with the actuarial assumptions and methods used in those valuations follow:

	PSPRS Police
Actuarial value of assets (a)	\$ 1,067,131
Actuarial accrued liability (b)	884,649
Unfunded actuarial accrued liability (funded excess) (b) - (a)	(182,482)
Funded ratio (a)/(b)	120.6%
Annual covered payroll (c)	<u>\$ 4,623,094</u>
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll (b) - (a) / (c)	0.00%

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

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

# Required Supplementary Information

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CITY OF BULLHEAD CITY, ARIZONA  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget-Positive (Negative)
Budgetary fund balance, July 1, 2016	\$ 1,856,125	\$ 1,856,125	\$ 10,473,635	\$ 8,617,510
<b>RESOURCES (INFLOWS):</b>				
City tax revenue	12,910,493	12,910,493	13,600,563	690,070
Intergovernmental revenue	10,735,692	10,735,692	10,735,447	(245)
Charges for services	1,204,802	1,204,802	1,122,815	(81,987)
Licenses and permits	660,515	660,515	616,791	(43,724)
Fines and forfeitures	1,079,400	1,079,400	1,057,371	(22,029)
Rents	75,026	75,026	67,216	(7,810)
Investment income	15,000	15,000	26,044	11,044
Other revenue	209,450	209,450	293,691	84,241
Proceeds from sale of fixed assets	7,000	7,000	12,941	5,941
Total revenues	<u>26,897,378</u>	<u>26,897,378</u>	<u>27,532,879</u>	<u>635,501</u>
Transfers in	81,533	81,533	81,533	-
Transfers out	(2,886,234)	(3,078,057)	(2,915,146)	162,911
Amounts available for appropriations	<u>25,948,802</u>	<u>25,756,979</u>	<u>35,172,901</u>	<u>9,415,922</u>
<b>CHARGES TO APPROPRIATIONS (OUTFLOWS):</b>				
<b>General government:</b>				
Mayor and council	119,928	119,928	113,650	6,278
City manager	233,500	233,500	180,321	53,179
Information technology	938,898	938,898	920,821	18,077
Human resources	183,076	183,076	154,597	28,479
Public information	176,973	176,973	140,738	36,235
Municipal court	1,448,242	1,448,242	1,293,918	154,324
Finance	778,718	778,718	759,010	19,708
City clerk	317,981	317,981	280,706	37,275
City attorney	1,098,962	1,098,962	1,012,050	86,912
Planning	199,316	199,316	185,224	14,092
Building inspections	413,637	413,637	400,654	12,983
Code enforcement	405,862	405,862	383,477	22,385
Facilities management	816,918	816,918	883,803	(66,885)
Public works administration	29,798	29,798	27,598	2,200
Engineering	155,923	155,923	140,697	15,226
Non-departmental	2,114,196	1,222,373	784,376	437,997
Total general government	<u>9,431,928</u>	<u>8,540,105</u>	<u>7,661,640</u>	<u>878,465</u>
<b>Public safety:</b>				
Police administration	1,489,747	1,481,747	1,316,585	165,162
Patrol	6,883,221	6,878,071	6,507,250	370,821
Criminal investigations	1,783,012	1,783,012	1,935,081	(152,069)
Support services	462,219	462,219	426,721	35,498
Emergency services	1,376,052	1,389,202	1,310,542	78,660
Total public safety	<u>11,994,251</u>	<u>11,994,251</u>	<u>11,496,179</u>	<u>498,072</u>

See accompanying notes.



	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Culture and recreation:				
Recreation	386,663	386,663	514,625	(127,962)
Arts and culture	1,052	1,052	249	803
Water activities	179,372	179,372	145,916	33,456
Athletics	259,182	259,182	130,667	128,515
Suddenlink community center	40,818	40,818	43,529	(2,711)
Parks rangers	73,178	73,178	73,199	(21)
Parks maintenance	1,907,577	1,907,577	1,876,935	30,642
Total culture and recreation	<u>2,847,842</u>	<u>2,847,842</u>	<u>2,785,120</u>	<u>62,722</u>
Economic development:				
Economic development	108,320	358,320	342,288	16,032
Total economic development	<u>108,320</u>	<u>358,320</u>	<u>342,288</u>	<u>16,032</u>
Health and welfare				
Animal control	612,771	612,771	524,563	88,208
Total Health and welfare	<u>612,771</u>	<u>612,771</u>	<u>524,563</u>	<u>88,208</u>
Debt service:				
Principal retirement	247,259	247,259	244,685	2,574
Interest and fiscal charges	33,040	33,040	33,683	(643)
Total debt service	<u>280,299</u>	<u>280,299</u>	<u>278,368</u>	<u>1,931</u>
Capital outlay	659,194	659,194	629,996	29,198
Total expenditures	<u>25,321,834</u>	<u>24,680,011</u>	<u>23,718,154</u>	<u>1,574,628</u>
Budgetary fund balance, June 30, 2017	<u>\$ 626,968</u>	<u>\$ 1,076,968</u>	<u>\$ 11,454,747</u>	<u>\$ 7,841,294</u>



CITY OF BULLHEAD CITY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
June 30, 2017

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, 2017, 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, 2017

Bullhead City Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			2014 through 2008
	2017 (2016)	2016 (2015)	2015 (2014)	
Total pension liability				
Service cost	\$ 879,004	\$ 879,004	\$ 890,055	Information not available
Interest on the total pension liability	2,909,607	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)	(654,635)	(554,914)	
Changes of assumptions or other inputs	-	-	3,458,975	
Benefit payments, including refunds of employee contributions	(2,393,591)	(2,393,591)	(2,510,581)	
Net change in total pension liability	740,385	740,385	4,447,842	
Total pension liability - beginning	38,562,732	37,822,347	33,374,505	
Total pension liability - ending (a)	<u>\$ 39,303,117</u>	<u>\$ 38,562,732</u>	<u>\$ 37,822,347</u>	
Plan fiduciary net position				
Contributions - employer	\$ 1,240,272	\$ 1,240,272	\$ 1,103,933	
Contributions - employee	527,323	527,323	474,532	
Net investment income	734,235	734,235	2,495,831	
Benefit payments, including refunds of employee contributions	(2,393,591)	(2,393,591)	(2,510,581)	
Administrative expense	(18,296)	(18,296)	(20,101)	
Other changes	(16,165)	(16,165)	40,640	
Net change in plan fiduciary net position	73,778	73,778	1,584,254	
Plan fiduciary net position - beginning	20,248,658	20,174,880	18,590,626	
Plan fiduciary net position - ending (b)	<u>\$ 20,322,436</u>	<u>\$ 20,248,658</u>	<u>\$ 20,174,880</u>	
City's net pension liability - ending (a) - (b)	<u>\$ 18,980,681</u>	<u>\$ 18,314,074</u>	<u>\$ 17,647,467</u>	

Bullhead City Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2017 (2016)	2016 (2015)	2015 (2014)	2014 through 2008
Plan fiduciary net position as a percentage of the total pension liability	51.71%	52.51%	53.34%	Information not available
Covered payroll	\$ 3,894,107	\$ 4,718,724	\$ 4,421,356	
City's net pension liability as a percentage of covered payroll	487.42%	388.11%	399.14%	

CITY OF BULLHEAD CITY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CITY PENSION CONTRIBUTIONS  
 June 30, 2017

Bullhead City Police Dept. Public Safety Personnel Retirement System	Reporting Fiscal Year		
	2017	2016	2015
Actuarially determined contribution	\$ 1,586,000	\$ 1,408,109	\$ 1,246,215
City's contributions in relation to the actuarially determined contribution	<u>1,586,000</u>	<u>1,408,109</u>	<u>1,246,215</u>
City's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,386,062	\$ 3,894,107	\$ 4,718,724
City's contributions as a percentage of covered payroll	36.16%	36.16%	26.41%

Reporting Fiscal Year	
2014	2013 through 2008
\$ 1,151,321	Information not available
<u>1,151,321</u>	
<u>\$ -</u>	
\$ 4,421,356	
26.04%	

CITY OF BULLHEAD CITY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 NOTES TO PENSION PLAN SCHEDULES  
 June 30, 2017

NOTE 1 ACTUARIALLY DETERMINED CONTRIBUTION RATES

Actuarial determined contribution rates for PSPRS are calculated as of June 30 two years prior to the end of the fiscal year in which contributions are made. The actuarial methods and assumptions used to establish the contribution requirements are as follows:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed for unfunded actuarial accrued liability, open for excess
Remaining amortization period as of the 2015 actuarial valuation	21 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 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.50%
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)



CITY OF BULLHEAD CITY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO PENSION PLAN SCHEDULES  
June 30, 2017

NOTE 2 FACTORS THAT AFFECT TRENDS

In February 2014, the Arizona Supreme Court affirmed a Superior Court ruling that a 2011 law that changed the mechanism for funding permanent benefit increases was unconstitutional. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases and revised actuarial assumptions to explicitly value future permanent benefit increases. These changes are included in the PSPRS' changes in total pension liability for fiscal year 2015 (measurement date 2014) in the schedule of changes in the Town's net pension liability and related ratios. These changes also increased the PSPRS required contributions beginning in fiscal year 2016 in the schedule of town pension contributions.

CITY OF BULLHEAD CITY, ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
 June 30, 2017

Health Insurance Premium Benefit

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded actuarial accrued liability (UAAL) (funding excess) (b) - (a)	Funded ratio (a)/(b)	Annual covered payroll (c)	UAAL (funding excess) as a percentage of covered payroll (b) - (a)/(c)
PSPRS Police						
6/30/2017	\$ 1,067,131	\$ 884,649	\$ (182,482)	120.6%	\$ 4,623,094	0.00%
6/30/2016	1,021,976	841,758	(180,218)	121.4%	4,758,468	0.00%
6/30/2015	939,141	898,176	(40,965)	104.6%	4,626,038	0.00%
6/30/2014	-	948,707	948,707	0.0%	4,702,408	20.17%

The health insurance subsidy payment reported for FY 2016 was \$33,439

CITY OF BULLHEAD CITY, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE SCHEDULE OF AGENT OPEB PLANS' FUNDING PROGRESS  
June 30, 2017

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, 2017

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,346,794	\$ 1,628,019	\$ 708	\$ 2,975,521
Restricted cash	137,262	23,687	1,694,511	1,855,460
Receivables, net of allowances for uncollectibles:				
Accounts	184,836	26,106	-	210,942
Taxes	1,201	76,383	-	77,584
Intergovernmental	685,168	22,114	-	707,282
Special assessments receivable	-	-	1,394	1,394
<b>Total assets</b>	<b>\$ 2,355,261</b>	<b>\$ 1,776,309</b>	<b>\$ 1,696,613</b>	<b>\$ 5,828,183</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 196,518	\$ 71,331	\$ -	\$ 267,849
Accrued payroll and related liabilities	76,883	10,765	-	87,648
Due to other funds	517,192	-	1,150,412	1,667,604
Other liabilities	1,544	4,748	-	6,292
Interest payable	-	-	97,795	97,795
Matured bonds payable	-	-	1,595,402	1,595,402
<b>Total liabilities</b>	<b>792,137</b>	<b>86,844</b>	<b>2,843,609</b>	<b>3,722,590</b>
Deferred inflows of resources				
Unavailable revenue - other	22,372	98,498	-	120,870
Unavailable revenue - special assessments	9,785	26,106	-	35,891
<b>Total deferred inflows of resources</b>	<b>32,157</b>	<b>124,604</b>	<b>-</b>	<b>156,761</b>
<b>FUND BALANCES</b>				
Restricted				
Highways and streets	417,032	4,281	-	421,313
Community development	1,159,866	-	-	1,159,866
Public safety	220,538	-	-	220,538
Capital projects	-	1,560,580	-	1,560,580
Debt service	-	-	2,145	2,145
Other purposes	161,613	-	-	161,613
Unassigned	(428,082)	-	(1,149,141)	(1,577,223)
<b>Total fund balances</b>	<b>1,530,967</b>	<b>1,564,861</b>	<b>(1,146,996)</b>	<b>1,948,832</b>
Total liabilities, deferred inflows of resources, and fund balances	<b>\$ 2,355,261</b>	<b>\$ 1,776,309</b>	<b>\$ 1,696,613</b>	<b>\$ 5,828,183</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, 2017

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 5,656,204	\$ 1,235,450	\$ -	\$ 6,891,654
Charges for services	1,739,944	-	-	1,739,944
Special assessments	75,127	50,011	-	125,138
Fines and forfeitures	124,241	-	-	124,241
Investment earnings	6,075	5,390	2,964	14,429
Other revenues	329,201	435,163	435	764,799
Total revenues	<u>7,930,792</u>	<u>1,726,014</u>	<u>3,399</u>	<u>9,660,205</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,930,576	50	-	1,930,626
Public safety	137,175	-	-	137,175
Culture and recreation	1,184,676	1,223	-	1,185,899
Redevelopment and housing	676,210	-	-	676,210
Highways and streets	2,078,079	616,780	-	2,694,859
Health and welfare	344,727	-	-	344,727
Debt service:				
Principal	-	-	1,450,403	1,450,403
Interest and fiscal charges	-	-	170,566	170,566
Capital outlay	506,930	2,975,617	-	3,482,547
Total expenditures	<u>6,858,373</u>	<u>3,593,670</u>	<u>1,620,969</u>	<u>12,073,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,072,419</u>	<u>(1,867,656)</u>	<u>(1,617,570)</u>	<u>(2,412,807)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	505	-	-	505
Transfers in	1,747,465	1,578,183	1,566,456	4,892,104
Transfers out	(2,225,963)	(9,595)	-	(2,235,558)
Total other financing (uses) sources	<u>(477,993)</u>	<u>1,568,588</u>	<u>1,566,456</u>	<u>2,657,051</u>
Net change in fund balances	594,426	(299,068)	(51,114)	244,244
Fund balances - beginning of year	<u>936,541</u>	<u>1,863,929</u>	<u>(1,095,882)</u>	<u>1,704,588</u>
Fund balances - end of year	<u>\$ 1,530,967</u>	<u>\$ 1,564,861</u>	<u>\$ (1,146,996)</u>	<u>\$ 1,948,832</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.

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

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 June 30, 2017

	HURF	RICO	Housing	Arts Commission
<b>ASSETS</b>				
Cash and cash equivalents	\$ 18,026	\$ 10,397	\$ 75	\$ 11,694
Restricted cash	11,055	124,596	-	-
Receivables, net of allowances for uncollectibles:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Intergovernmental	339,537	-	-	-
<b>Total assets</b>	<b>\$ 368,618</b>	<b>\$ 134,993</b>	<b>\$ 75</b>	<b>\$ 11,694</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 37,523	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	32,808	-	-	-
Due to other funds	-	-	-	-
Other liabilities	1,001	-	-	288
<b>Total liabilities</b>	<b>71,332</b>	<b>-</b>	<b>-</b>	<b>288</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - other	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
<b>Restricted</b>				
Highways and streets	297,286	-	-	-
Community development	-	-	75	11,406
Public safety	-	134,993	-	-
Other purposes	-	-	-	-
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total fund balances</b>	<b>297,286</b>	<b>134,993</b>	<b>75</b>	<b>11,406</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 368,618</b>	<b>\$ 134,993</b>	<b>\$ 75</b>	<b>\$ 11,694</b>

Special Assessments Administration	JCEF	Water Impost	Transit	REO	Court Enhancement	Fill the Gap
\$ 66,470	\$ 49,949	\$ 986,796	\$ -	\$ -	\$ 35,984	\$ 14,185
-	-	-	-	-	1,611	-
-	-	127,888	13,762	-	-	1,798
1,201	-	-	-	-	-	-
-	-	-	142,444	-	-	-
<u>\$ 67,671</u>	<u>\$ 49,949</u>	<u>\$ 1,114,684</u>	<u>\$ 156,206</u>	<u>\$ -</u>	<u>\$ 37,595</u>	<u>\$ 15,983</u>
\$ 8	\$ -	\$ 2,130	\$ 13,504	\$ -	\$ 1,999	\$ -
-	-	9,460	21,291	-	-	-
-	-	-	1,660	379,755	-	-
-	-	-	5	40	-	-
<u>8</u>	<u>-</u>	<u>11,590</u>	<u>36,460</u>	<u>379,795</u>	<u>1,999</u>	<u>-</u>
-	-	22,372	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>22,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	119,746	-	-	-
67,663	-	1,080,722	-	-	-	-
-	49,949	-	-	-	35,596	-
-	-	-	-	-	-	15,983
-	-	-	-	(379,795)	-	-
<u>67,663</u>	<u>49,949</u>	<u>1,080,722</u>	<u>119,746</u>	<u>(379,795)</u>	<u>35,596</u>	<u>15,983</u>
<u>\$ 67,671</u>	<u>\$ 49,949</u>	<u>\$ 1,114,684</u>	<u>\$ 156,206</u>	<u>\$ -</u>	<u>\$ 37,595</u>	<u>\$ 15,983</u>

(Continued)

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING BALANCE SHEET  
 SPECIAL REVENUE FUNDS  
 June 30, 2017

	CDBG/HTF	Special Events	Veterans Memorial Park	FARE
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 112,116	\$ 6,175	\$ 10,971
Restricted cash	-	-	-	-
Receivables, net of allowances for uncollectibles:				
Accounts	-	8,895	-	-
Taxes	-	-	-	-
Intergovernmental	196,573	-	-	-
<b>Total assets</b>	<b>\$ 196,573</b>	<b>\$ 121,011</b>	<b>\$ 6,175</b>	<b>\$ 10,971</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 122,421	\$ 996	\$ -	\$ -
Accrued payroll and related liabilities	2,985	-	-	-
Due to other funds	80,341	-	-	-
Other liabilities	195	15	-	-
<b>Total liabilities</b>	<b>205,942</b>	<b>1,011</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - other	-	-	-	-
Unavailable revenue - special assessments	-	9,785	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>9,785</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted				
Highways and streets	-	-	-	-
Community development	-	-	-	-
Public safety	-	-	-	-
Other purposes	-	110,215	6,175	10,971
Unassigned	(9,369)	-	-	-
<b>Total fund balances</b>	<b>(9,369)</b>	<b>110,215</b>	<b>6,175</b>	<b>10,971</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 196,573</b>	<b>\$ 121,011</b>	<b>\$ 6,175</b>	<b>\$ 10,971</b>

Pest Abatement	Victim Services Grants	Police Grants	General Grants	Senior Nutrition Center	Total
\$ 20,454	\$ -	\$ -	\$ 3,502	\$ -	\$ 1,346,794
-	-	-	-	-	137,262
-	-	-	-	32,493	184,836
-	-	-	-	-	1,201
-	6,614	-	-	-	685,168
<u>\$ 20,454</u>	<u>\$ 6,614</u>	<u>\$ -</u>	<u>\$ 3,502</u>	<u>\$ 32,493</u>	<u>\$ 2,355,261</u>
\$ 1,884	\$ 1,651	\$ -	\$ -	\$ 14,402	\$ 196,518
3,803	2,706	-	-	3,830	76,883
-	3,908	445	-	51,083	517,192
-	-	-	-	-	1,544
<u>5,687</u>	<u>8,265</u>	<u>445</u>	<u>-</u>	<u>69,315</u>	<u>792,137</u>
-	-	-	-	-	22,372
-	-	-	-	-	9,785
-	-	-	-	-	<u>32,157</u>
-	-	-	-	-	417,032
-	-	-	-	-	1,159,866
-	-	-	-	-	220,538
14,767	-	-	3,502	-	161,613
-	(1,651)	(445)	-	(36,822)	(428,082)
<u>14,767</u>	<u>(1,651)</u>	<u>(445)</u>	<u>3,502</u>	<u>(36,822)</u>	<u>1,530,967</u>
<u>\$ 20,454</u>	<u>\$ 6,614</u>	<u>\$ -</u>	<u>\$ 3,502</u>	<u>\$ 32,493</u>	<u>\$ 2,355,261</u>

(Concluded)

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 Year Ended June 30, 2017

	HURF	RICO	Housing	Arts Commission
<b>REVENUES</b>				
Intergovernmental	\$ 3,672,637	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Special assessments	-	-	-	-
Fines and forfeitures	-	64,899	-	-
Investment earnings	1,161	421	19	47
Other revenues	1,582	1	4	19
Total revenues	<u>3,675,380</u>	<u>65,321</u>	<u>23</u>	<u>66</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	29,159	-	-
Culture and recreation	-	-	-	-
Redevelopment and housing	-	-	-	-
Highways and streets	2,078,079	-	-	-
Health and welfare	-	-	-	-
Capital outlay	432,521	-	-	-
Total expenditures	<u>2,510,600</u>	<u>29,159</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,164,780</u>	<u>36,162</u>	<u>23</u>	<u>66</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	-	-
Transfers in	1,345,073	-	-	-
Transfers out	(2,192,131)	-	-	-
Total other financing (uses) sources	<u>(847,058)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	317,722	36,162	23	66
Fund balances - beginning of year	(20,436)	98,831	52	11,340
Fund balances - end of year	<u>\$ 297,286</u>	<u>\$ 134,993</u>	<u>\$ 75</u>	<u>\$ 11,406</u>



Special Assessments Administration	JCEF	Water Impost	Transit	REO	Court Enhancement	Fill the Gap
\$ -	\$ -	\$ -	\$ 833,246	\$ -	\$ -	\$ -
-	-	447,158	183,865	-	-	-
75,127	-	-	-	-	-	-
-	12,557	-	-	-	37,492	6,408
307	177	2,988	-	-	139	47
402	57	1,212	57,457	3,068	6	11
<u>75,836</u>	<u>12,791</u>	<u>451,358</u>	<u>1,074,568</u>	<u>3,068</u>	<u>37,637</u>	<u>6,466</u>
53,102	1,142	580,454	1,123,833	-	34,175	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	44,543	-	-	-
<u>53,102</u>	<u>1,142</u>	<u>580,454</u>	<u>1,168,376</u>	<u>-</u>	<u>34,175</u>	<u>-</u>
<u>22,734</u>	<u>11,649</u>	<u>(129,096)</u>	<u>(93,808)</u>	<u>3,068</u>	<u>3,462</u>	<u>6,466</u>
-	-	-	310	195	-	-
-	-	-	296,932	-	-	-
<u>(33,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(33,832)</u>	<u>-</u>	<u>-</u>	<u>297,242</u>	<u>195</u>	<u>-</u>	<u>-</u>
<u>(11,098)</u>	<u>11,649</u>	<u>(129,096)</u>	<u>203,434</u>	<u>3,263</u>	<u>3,462</u>	<u>6,466</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>
<u>\$ 67,663</u>	<u>\$ 49,949</u>	<u>\$ 1,080,722</u>	<u>\$ 119,746</u>	<u>\$ (379,795)</u>	<u>\$ 35,596</u>	<u>\$ 15,983</u>

(Continued)

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 SPECIAL REVENUE FUNDS  
 Year Ended June 30, 2017

REVENUES	CDBG/HTF	Special Events	Veterans Memorial Park	FARE
Intergovernmental	\$ 753,638	\$ -	\$ -	\$ -
Charges for services	-	1,108,921	-	-
Special assessments	-	-	-	-
Fines and forfeitures	-	-	-	2,885
Investment earnings	-	473	24	45
Other revenues	150	217,020	7	-
Total revenues	<u>753,788</u>	<u>1,326,414</u>	<u>31</u>	<u>2,930</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	963
Public safety	-	-	-	-
Culture and recreation	-	1,184,676	-	-
Redevelopment and housing	676,210	-	-	-
Highways and streets	-	-	-	-
Health and welfare	-	-	-	-
Capital outlay	-	23,606	-	-
Total expenditures	<u>676,210</u>	<u>1,208,282</u>	<u>-</u>	<u>963</u>
Excess (deficiency) of revenues over (under) expenditures	<u>77,578</u>	<u>118,132</u>	<u>31</u>	<u>1,967</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>77,578</u>	<u>118,132</u>	<u>31</u>	<u>1,967</u>
Fund balances - beginning of year	<u>(86,947)</u>	<u>(7,917)</u>	<u>6,144</u>	<u>9,004</u>
Fund balances - end of year	<u>\$ (9,369)</u>	<u>\$ 110,215</u>	<u>\$ 6,175</u>	<u>\$ 10,971</u>

Pest Abatement	Victim Services Grants	Police Grants	General Grants	Senior Nutrition Center	Total
\$ 153,000	\$ 92,248	\$ 8,056	\$ -	\$ 143,379	\$ 5,656,204
-	-	-	-	-	1,739,944
-	-	-	-	-	75,127
-	-	-	-	-	124,241
211	-	2	14	-	6,075
-	-	-	-	48,205	329,201
<u>153,211</u>	<u>92,248</u>	<u>8,058</u>	<u>14</u>	<u>191,584</u>	<u>7,930,792</u>
136,907	-	-	-	-	1,930,576
-	93,199	14,817	-	-	137,175
-	-	-	-	-	1,184,676
-	-	-	-	-	676,210
-	-	-	-	-	2,078,079
-	-	-	-	344,727	344,727
6,260	-	-	-	-	506,930
<u>143,167</u>	<u>93,199</u>	<u>14,817</u>	<u>-</u>	<u>344,727</u>	<u>6,858,373</u>
10,044	(951)	(6,759)	14	(153,143)	1,072,419
-	-	-	-	-	505
5,000	-	-	-	100,460	1,747,465
-	-	-	-	-	(2,225,963)
5,000	-	-	-	100,460	(477,993)
15,044	(951)	(6,759)	14	(52,683)	594,426
(277)	(700)	6,314	3,488	15,861	936,541
<u>\$ 14,767</u>	<u>\$ (1,651)</u>	<u>\$ (445)</u>	<u>\$ 3,502</u>	<u>\$ (36,822)</u>	<u>\$ 1,530,967</u>

(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, 2017

	Street Lighting Improvement Districts	Capital Projects Funds	Flood Control Fund	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,711	\$ 414,783	\$ 1,204,525	\$ 1,628,019
Restricted cash	-	23,687	-	23,687
Receivables, net of allowances for uncollectibles:				
Accounts	26,106	-	-	26,106
Taxes	-	76,383	-	76,383
Intergovernmental	-	22,114	-	22,114
<b>Total assets</b>	<b>\$ 34,817</b>	<b>\$ 536,967</b>	<b>\$ 1,204,525</b>	<b>\$ 1,776,309</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,334	\$ 66,705	\$ 292	\$ 71,331
Accrued payroll and related liabilities	96	-	10,669	10,765
Other liabilities	-	-	4,748	4,748
<b>Total liabilities</b>	<b>4,430</b>	<b>66,705</b>	<b>15,709</b>	<b>86,844</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - other	-	98,498	-	98,498
Unavailable revenue - special assessments	26,106	-	-	26,106
<b>Total deferred inflows of resources</b>	<b>26,106</b>	<b>98,498</b>	<b>-</b>	<b>124,604</b>
<b>FUND BALANCES</b>				
Restricted				
Capital projects	-	371,764	1,188,816	1,560,580
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>4,281</b>	<b>371,764</b>	<b>1,188,816</b>	<b>1,564,861</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 34,817</b>	<b>\$ 536,967</b>	<b>\$ 1,204,525</b>	<b>\$ 1,776,309</b>

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 CAPITAL PROJECTS FUNDS  
 Year Ended June 30, 2017

	Street Lighting Improvement Districts	Capital Projects Funds	Flood Control Fund	Total
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 1,235,450	\$ 1,235,450
Special assessments	50,011	-	-	50,011
Investment earnings	79	2,475	2,836	5,390
Other revenues	-	434,490	673	435,163
Total revenues	<u>50,090</u>	<u>436,965</u>	<u>1,238,959</u>	<u>1,726,014</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	50	-	50
Culture and recreation	-	1,223	-	1,223
Highways and streets	66,053	55,003	495,724	616,780
Capital outlay	-	2,098,986	876,631	2,975,617
Total expenditures	<u>66,053</u>	<u>2,155,262</u>	<u>1,372,355</u>	<u>3,593,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(15,963)</u>	<u>(1,718,297)</u>	<u>(133,396)</u>	<u>(1,867,656)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,411,360	166,823	1,578,183
Transfers out	-	-	(9,595)	(9,595)
Total other financing (uses) sources	<u>-</u>	<u>1,411,360</u>	<u>157,228</u>	<u>1,568,588</u>
Net change in fund balances	<u>(15,963)</u>	<u>(306,937)</u>	<u>23,832</u>	<u>(299,068)</u>
Fund balances - beginning of year	<u>20,244</u>	<u>678,701</u>	<u>1,164,984</u>	<u>1,863,929</u>
Fund balances - end of year	<u>\$ 4,281</u>	<u>\$ 371,764</u>	<u>\$ 1,188,816</u>	<u>\$ 1,564,861</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, 2017

	Debt Service	Bullhead Parkway Improvement District	East Branch Sewer Improvement District	Excise Revenue Bond Refunding	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 537	\$ -	\$ -	\$ 171	\$ 708
Restricted cash	689	-	-	1,693,822	1,694,511
Special assessments receivable	-	685	709	-	1,394
<b>Total assets</b>	<b>\$ 1,226</b>	<b>\$ 685</b>	<b>\$ 709</b>	<b>\$ 1,693,993</b>	<b>\$ 1,696,613</b>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ 1,149,826	\$ 586	\$ -	\$ 1,150,412
Interest payable	-	-	-	97,795	97,795
Matured bonds payable	-	-	-	1,595,402	1,595,402
<b>Total liabilities</b>	<b>-</b>	<b>1,149,826</b>	<b>586</b>	<b>1,693,197</b>	<b>2,843,609</b>
<b>FUND BALANCES</b>					
Restricted					
Debt service	1,226	-	123	796	2,145
Unassigned	-	(1,149,141)	-	-	(1,149,141)
<b>Total fund balances</b>	<b>1,226</b>	<b>(1,149,141)</b>	<b>123</b>	<b>796</b>	<b>(1,146,996)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,226</b>	<b>\$ 685</b>	<b>\$ 709</b>	<b>\$ 1,693,993</b>	<b>\$ 1,696,613</b>

CITY OF BULLHEAD CITY, ARIZONA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 DEBT SERVICE FUNDS  
 Year Ended June 30, 2017

	Debt Service	Bullhead Parkway Improvement District	East Branch Sewer Improvement District	Excise Revenue Bond Refunding	Total
<b>REVENUES</b>					
Investment earnings	\$ -	\$ -	\$ -	\$ 2,964	\$ 2,964
Other revenues	411	-	24	-	435
Total revenues	<u>411</u>	<u>-</u>	<u>24</u>	<u>2,964</u>	<u>3,399</u>
<b>EXPENDITURES</b>					
Debt service:					
Principal	-	-	-	1,450,403	1,450,403
Interest and fiscal charges	-	-	-	170,566	170,566
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,620,969</u>	<u>1,620,969</u>
Excess (deficiency) of revenues over (under) expenditures	<u>411</u>	<u>-</u>	<u>24</u>	<u>(1,618,005)</u>	<u>(1,617,570)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	1,566,456	1,566,456
Total other financing (uses) sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,566,456</u>	<u>1,566,456</u>
Net change in fund balances	<u>411</u>	<u>-</u>	<u>24</u>	<u>(51,549)</u>	<u>(51,114)</u>
Fund balances - beginning of year	<u>815</u>	<u>(1,149,141)</u>	<u>99</u>	<u>52,345</u>	<u>(1,095,882)</u>
Fund balances - end of year	<u>\$ 1,226</u>	<u>\$ (1,149,141)</u>	<u>\$ 123</u>	<u>\$ 796</u>	<u>\$ (1,146,996)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 3,103,389	\$ 3,103,389	\$ 3,060,513	\$ (42,876)
Investment earnings	1,950	1,950	9,010	7,060
Other revenues	-	-	1,053	1,053
Total revenues	<u>3,105,339</u>	<u>3,105,339</u>	<u>3,070,576</u>	<u>(34,763)</u>
EXPENDITURES				
Current:				
General government	91,141	91,141	91,082	59
Debt service:				
Principal	2,181,932	2,181,932	2,181,932	-
Interest and fiscal charges	415,967	415,967	415,967	-
Total expenditures	<u>2,689,040</u>	<u>2,689,040</u>	<u>2,688,981</u>	<u>59</u>
Net change in fund balances	416,299	416,299	381,595	(34,704)
Fund balances - beginning of year	<u>1,639,792</u>	<u>1,639,792</u>	<u>1,956,359</u>	<u>316,567</u>
Fund balances - end of year	<u>\$ 2,056,091</u>	<u>\$ 2,056,091</u>	<u>\$ 2,337,954</u>	<u>\$ 281,863</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 3,642,075	\$ 3,642,075	\$ 3,672,637	\$ 30,562
Investment earnings	300	300	1,161	861
Other revenues	3,000	3,000	1,582	(1,418)
Total revenues	<u>3,645,375</u>	<u>3,645,375</u>	<u>3,675,380</u>	<u>30,005</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	2,465,514	2,465,514	2,078,079	387,435
Capital outlay	431,125	431,125	432,521	(1,396)
Total expenditures	<u>2,896,639</u>	<u>2,896,639</u>	<u>2,510,600</u>	<u>386,039</u>
Excess (deficiency) of revenues over (under) expenditures	<u>748,736</u>	<u>748,736</u>	<u>1,164,780</u>	<u>416,044</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,345,073	1,345,073	1,345,073	-
Transfers out	(2,223,543)	(2,223,543)	(2,192,131)	31,412
Total other financing sources (uses)	<u>(878,470)</u>	<u>(878,470)</u>	<u>(847,058)</u>	<u>31,412</u>
Net change in fund balances	(129,734)	(129,734)	317,722	447,456
Fund balances - beginning of year	129,734	129,734	(20,436)	(150,170)
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 297,286</u>	<u>\$ 297,286</u>

CITY OF BULLHEAD CITY, ARIZONA

RICO FUND

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

Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 64,899	\$ 64,899
Investment earnings	-	-	421	421
Other revenues	-	-	1	1
Total revenues	<u>-</u>	<u>-</u>	<u>65,321</u>	<u>65,321</u>
EXPENDITURES				
Current:				
Public safety	90,129	90,129	29,159	60,970
Total expenditures	<u>90,129</u>	<u>90,129</u>	<u>29,159</u>	<u>60,970</u>
Net change in fund balances	(90,129)	(90,129)	36,162	126,291
Fund balances - beginning of year	<u>90,129</u>	<u>90,129</u>	<u>98,831</u>	<u>8,702</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,993</u>	<u>\$ 134,993</u>

CITY OF BULLHEAD CITY, ARIZONA  
HOUSING FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 19	\$ 19
Other revenues	-	-	4	4
Total revenues	-	-	23	23
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	-	23	23
Fund balances - beginning of year	-	-	52	52
Fund balances - end of year	\$ -	\$ -	\$ 75	\$ 75

CITY OF BULLHEAD CITY, ARIZONA  
 ARTS COMMISSION FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 10	\$ 10	\$ 47	\$ 37
Other revenues	-	-	19	19
Total revenues	<u>10</u>	<u>10</u>	<u>66</u>	<u>56</u>
EXPENDITURES				
Current:				
Culture and recreation	11,321	11,321	-	11,321
Total expenditures	<u>11,321</u>	<u>11,321</u>	<u>-</u>	<u>11,321</u>
Net change in fund balances	(11,311)	(11,311)	66	11,377
Fund balances - beginning of year	<u>11,311</u>	<u>11,311</u>	<u>11,340</u>	<u>29</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,406</u>	<u>\$ 11,406</u>

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 50,000	\$ 50,000	\$ 75,127	\$ 25,127
Investment earnings	40	40	307	267
Other revenues	-	-	402	402
Total revenues	<u>50,040</u>	<u>50,040</u>	<u>75,836</u>	<u>25,796</u>
EXPENDITURES				
Current:				
General government	84,124	84,124	53,102	31,022
Total expenditures	<u>84,124</u>	<u>84,124</u>	<u>53,102</u>	<u>31,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,084)</u>	<u>(34,084)</u>	<u>22,734</u>	<u>56,818</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(33,832)</u>	<u>(33,832)</u>	<u>(33,832)</u>	-
Total other financing sources (uses)	<u>(33,832)</u>	<u>(33,832)</u>	<u>(33,832)</u>	-
Net change in fund balances	(67,916)	(67,916)	(11,098)	56,818
Fund balances - beginning of year	<u>67,916</u>	<u>67,916</u>	<u>78,761</u>	<u>10,845</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,663</u>	<u>\$ 67,663</u>

CITY OF BULLHEAD CITY, ARIZONA

JCEF FUND

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

Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 13,400	\$ 13,400	\$ 12,557	\$ (843)
Investment earnings	-	-	177	177
Other revenues	-	-	57	57
Total revenues	<u>13,400</u>	<u>13,400</u>	<u>12,791</u>	<u>(609)</u>
EXPENDITURES				
Current:				
General government	50,580	50,580	1,142	49,438
Total expenditures	<u>50,580</u>	<u>50,580</u>	<u>1,142</u>	<u>49,438</u>
Net change in fund balances	(37,180)	(37,180)	11,649	48,829
Fund balances - beginning of year	<u>37,180</u>	<u>37,180</u>	<u>38,300</u>	<u>1,120</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,949</u>	<u>\$ 49,949</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 465,000	\$ 465,000	\$ 447,158	\$ (17,842)
Investment earnings	500	500	2,988	2,488
Other revenues	-	-	1,212	1,212
Total revenues	<u>465,500</u>	<u>465,500</u>	<u>451,358</u>	<u>(14,142)</u>
EXPENDITURES				
Current:				
General government	970,276	970,276	580,454	389,822
Capital outlay	100,000	100,000	-	100,000
Total expenditures	<u>1,070,276</u>	<u>1,070,276</u>	<u>580,454</u>	<u>489,822</u>
Net change in fund balances	(604,776)	(604,776)	(129,096)	475,680
Fund balances - beginning of year	<u>1,309,408</u>	<u>1,309,408</u>	<u>1,209,818</u>	<u>(99,590)</u>
Fund balances - end of year	<u>\$ 704,632</u>	<u>\$ 704,632</u>	<u>\$ 1,080,722</u>	<u>\$ 376,090</u>

CITY OF BULLHEAD CITY, ARIZONA  
TRANSIT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 853,500	\$ 853,500	\$ 833,246	\$ (20,254)
Charges for services	187,000	187,000	183,865	(3,135)
Other revenues	44,200	44,200	57,457	13,257
Total revenues	<u>1,084,700</u>	<u>1,084,700</u>	<u>1,074,568</u>	<u>(10,132)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,158,354	1,233,054	1,123,833	109,221
Capital outlay	159,000	84,300	44,543	39,757
Total expenditures	<u>1,317,354</u>	<u>1,317,354</u>	<u>1,168,376</u>	<u>148,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(232,654)</u>	<u>(232,654)</u>	<u>(93,808)</u>	<u>138,846</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	-	310	310
Transfers in	296,932	296,932	296,932	-
Total other financing sources (uses)	<u>296,932</u>	<u>296,932</u>	<u>297,242</u>	<u>310</u>
Net change in fund balances	64,278	64,278	203,434	139,156
Fund balances - beginning of year	<u>37,602</u>	<u>37,602</u>	<u>(83,688)</u>	<u>(121,290)</u>
Fund balances - end of year	<u>\$ 101,880</u>	<u>\$ 101,880</u>	<u>\$ 119,746</u>	<u>\$ 17,866</u>

CITY OF BULLHEAD CITY, ARIZONA  
 REO FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Other revenues	\$ -	\$ -	\$ 3,068	\$ 3,068
Total revenues	-	-	3,068	3,068
<b>EXPENDITURES</b>				
Current:				
General government	5,000	5,000	-	5,000
Total expenditures	5,000	5,000	-	5,000
Excess (deficiency) of revenues over (under) expenditures	(5,000)	(5,000)	3,068	8,068
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	5,000	5,000	195	(4,805)
Total other financing sources (uses)	5,000	5,000	195	(4,805)
Net change in fund balances	-	-	3,263	3,263
Fund balances - beginning of year	-	-	(383,058)	(383,058)
Fund balances - end of year	\$ -	\$ -	\$ (379,795)	\$ (379,795)

CITY OF BULLHEAD CITY, ARIZONA  
 COURT ENHANCEMENT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 35,000	\$ 35,000	\$ 37,492	\$ 2,492
Investment earnings	-	-	139	139
Other revenues	-	-	6	6
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>37,637</u>	<u>2,637</u>
EXPENDITURES				
Current:				
General government	64,317	64,317	34,175	30,142
Total expenditures	<u>64,317</u>	<u>64,317</u>	<u>34,175</u>	<u>30,142</u>
Net change in fund balances	(29,317)	(29,317)	3,462	32,779
Fund balances - beginning of year	<u>29,317</u>	<u>29,317</u>	<u>32,134</u>	<u>2,817</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,596</u>	<u>\$ 35,596</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 6,500	\$ 6,500	\$ 6,408	\$ (92)
Investment earnings	-	-	47	47
Other revenues	-	-	11	11
Total revenues	<u>6,500</u>	<u>6,500</u>	<u>6,466</u>	<u>(34)</u>
EXPENDITURES				
Current:				
General government	16,302	16,302	-	16,302
Total expenditures	<u>16,302</u>	<u>16,302</u>	<u>-</u>	<u>16,302</u>
Net change in fund balances	(9,802)	(9,802)	6,466	16,268
Fund balances - beginning of year	<u>9,802</u>	<u>9,802</u>	<u>9,517</u>	<u>(285)</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,983</u>	<u>\$ 15,983</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,029,935	\$ 1,029,935	\$ 753,638	\$ (276,297)
Other revenues	-	-	150	150
Total revenues	<u>1,029,935</u>	<u>1,029,935</u>	<u>753,788</u>	<u>(276,147)</u>
EXPENDITURES				
Current:				
Redevelopment and housing	1,029,935	1,029,935	676,210	353,725
Total expenditures	<u>1,029,935</u>	<u>1,029,935</u>	<u>676,210</u>	<u>353,725</u>
Net change in fund balances	-	-	77,578	77,578
Fund balances - beginning of year	-	-	(86,947)	(86,947)
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,369)</u>	<u>\$ (9,369)</u>

CITY OF BULLHEAD CITY, ARIZONA  
SPECIAL EVENTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 1,373,062	\$ 1,373,062	\$ 1,108,921	\$ (264,141)
Investment earnings	-	-	473	473
Other revenues	377,935	377,935	217,020	(160,915)
Total revenues	<u>1,750,997</u>	<u>1,750,997</u>	<u>1,326,414</u>	<u>(424,583)</u>
EXPENDITURES				
Current:				
Culture and recreation	1,608,322	1,608,322	1,184,676	423,646
Capital outlay	-	-	23,606	(23,606)
Total expenditures	<u>1,608,322</u>	<u>1,608,322</u>	<u>1,208,282</u>	<u>400,040</u>
Net change in fund balances	142,675	142,675	118,132	(24,543)
Fund balances - beginning of year	<u>6,000</u>	<u>6,000</u>	<u>(7,917)</u>	<u>(13,917)</u>
Fund balances - end of year	<u>\$ 148,675</u>	<u>\$ 148,675</u>	<u>\$ 110,215</u>	<u>\$ (38,460)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 24	\$ 24
Other revenues	-	-	7	7
Total revenues	-	-	31	31
EXPENDITURES				
Current:				
General government	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	-	31	31
Fund balances - beginning of year	-	-	6,144	6,144
Fund balances - end of year	\$ -	\$ -	\$ 6,175	\$ 6,175



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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 2,900	\$ 2,900	\$ 2,885	\$ (15)
Investment earnings	-	-	45	45
Total revenues	<u>2,900</u>	<u>2,900</u>	<u>2,930</u>	<u>30</u>
EXPENDITURES				
Current:				
General government	12,070	12,070	963	11,107
Total expenditures	<u>12,070</u>	<u>12,070</u>	<u>963</u>	<u>11,107</u>
Net change in fund balances	(9,170)	(9,170)	1,967	11,137
Fund balances - beginning of year	<u>9,170</u>	<u>9,170</u>	<u>9,004</u>	<u>(166)</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,971</u>	<u>\$ 10,971</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 153,000	\$ 153,000	\$ 153,000	\$ -
Investment earnings	-	-	211	211
Total revenues	<u>153,000</u>	<u>153,000</u>	<u>153,211</u>	<u>211</u>
EXPENDITURES				
Current:				
General government	158,000	158,000	136,907	21,093
Capital outlay	-	-	6,260	(6,260)
Total expenditures	<u>158,000</u>	<u>158,000</u>	<u>143,167</u>	<u>14,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,000)</u>	<u>(5,000)</u>	<u>10,044</u>	<u>15,044</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,000	5,000	5,000	-
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	-	-	15,044	15,044
Fund balances - beginning of year	-	-	(277)	(277)
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,767</u>	<u>\$ 14,767</u>

CITY OF BULLHEAD CITY, ARIZONA  
VICTIM SERVICES GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 104,301	\$ 104,301	\$ 92,248	\$ (12,053)
Total revenues	<u>104,301</u>	<u>104,301</u>	<u>92,248</u>	<u>(12,053)</u>
EXPENDITURES				
Current:				
Public safety	104,062	104,062	93,199	10,863
Total expenditures	<u>104,062</u>	<u>104,062</u>	<u>93,199</u>	<u>10,863</u>
Net change in fund balances	239	239	(951)	(1,190)
Fund balances - beginning of year	-	-	(700)	(700)
Fund balances - end of year	<u>\$ 239</u>	<u>\$ 239</u>	<u>\$ (1,651)</u>	<u>\$ (1,890)</u>

CITY OF BULLHEAD CITY, ARIZONA  
POLICE GRANTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 29,500	\$ 29,500	\$ 8,056	\$ (21,444)
Investment earnings	-	-	2	2
Other revenues	100,000	100,000	-	(100,000)
Total revenues	<u>129,500</u>	<u>129,500</u>	<u>8,058</u>	<u>(121,442)</u>
EXPENDITURES				
Current:				
Public safety	129,500	129,500	14,817	114,683
Total expenditures	<u>129,500</u>	<u>129,500</u>	<u>14,817</u>	<u>114,683</u>
Net change in fund balances	-	-	(6,759)	(6,759)
Fund balances - beginning of year	-	-	6,314	6,314
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (445)</u>	<u>\$ (445)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 95,000	\$ 95,000	\$ -	\$ (95,000)
Investment earnings	-	-	14	14
Other revenues	5,000	5,000	-	(5,000)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>14</u>	<u>(99,986)</u>
EXPENDITURES				
Current:				
Culture and recreation	5,000	5,000	-	5,000
Capital outlay	95,000	95,000	-	95,000
Total expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Net change in fund balances	-	-	14	14
Fund balances - beginning of year	-	-	3,488	3,488
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,502</u>	<u>\$ 3,502</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 188,505	\$ 188,505	\$ 143,379	\$ (45,126)
Other revenues	82,701	82,701	48,205	(34,496)
Total revenues	<u>271,206</u>	<u>271,206</u>	<u>191,584</u>	<u>(79,622)</u>
EXPENDITURES				
Current:				
Health and welfare	351,565	351,565	344,727	6,838
Total expenditures	<u>351,565</u>	<u>351,565</u>	<u>344,727</u>	<u>6,838</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(80,359)</u>	<u>(80,359)</u>	<u>(153,143)</u>	<u>(72,784)</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	20,101	20,101	(52,683)	(72,784)
Fund balances - beginning of year	-	-	15,861	15,861
Fund balances - end of year	<u>\$ 20,101</u>	<u>\$ 20,101</u>	<u>\$ (36,822)</u>	<u>\$ (56,923)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 56,429	\$ 56,429	\$ 50,011	\$ (6,418)
Investment earnings	-	-	79	79
Total revenues	<u>56,429</u>	<u>56,429</u>	<u>50,090</u>	<u>(6,339)</u>
EXPENDITURES				
Current:				
Highways and streets	<u>72,418</u>	<u>72,418</u>	<u>66,053</u>	<u>6,365</u>
Total expenditures	<u>72,418</u>	<u>72,418</u>	<u>66,053</u>	<u>6,365</u>
Net change in fund balances	(15,989)	(15,989)	(15,963)	26
Fund balances - beginning of year	<u>22,825</u>	<u>22,825</u>	<u>20,244</u>	<u>(2,581)</u>
Fund balances - end of year	<u>\$ 6,836</u>	<u>\$ 6,836</u>	<u>\$ 4,281</u>	<u>\$ (2,555)</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 450,000	\$ 450,000	\$ -	\$ (450,000)
Investment earnings	-	-	2,475	2,475
Other revenues	-	-	434,490	434,490
Total revenues	<u>450,000</u>	<u>450,000</u>	<u>436,965</u>	<u>(13,035)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	50	(50)
Culture and recreation	-	-	1,223	(1,223)
Highways and streets	-	-	55,003	(55,003)
Capital outlay	3,968,400	4,418,400	2,098,986	2,319,414
Total expenditures	<u>3,968,400</u>	<u>4,418,400</u>	<u>2,155,262</u>	<u>2,263,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,518,400)</u>	<u>(3,968,400)</u>	<u>(1,718,297)</u>	<u>2,250,103</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of debt	1,878,400	1,878,400	-	(1,878,400)
Transfers in	1,360,000	1,360,000	1,411,360	51,360
Total other financing sources (uses)	<u>3,238,400</u>	<u>3,238,400</u>	<u>1,411,360</u>	<u>(1,827,040)</u>
Net change in fund balances	(280,000)	(730,000)	(306,937)	423,063
Fund balances - beginning of year	<u>280,000</u>	<u>280,000</u>	<u>678,701</u>	<u>398,701</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ (450,000)</u>	<u>\$ 371,764</u>	<u>\$ 821,764</u>

CITY OF BULLHEAD CITY, ARIZONA  
 FLOOD CONTROL FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 1,151,955	\$ 1,151,955	\$ 1,235,450	\$ 83,495
Investment earnings	-	-	2,836	2,836
Other revenues	-	-	673	673
Total revenues	<u>1,151,955</u>	<u>1,151,955</u>	<u>1,238,959</u>	<u>87,004</u>
<b>EXPENDITURES</b>				
Current:				
Highways and streets	520,232	520,232	495,724	24,508
Capital outlay	<u>1,638,695</u>	<u>1,638,695</u>	<u>876,631</u>	<u>762,064</u>
Total expenditures	<u>2,158,927</u>	<u>2,158,927</u>	<u>1,372,355</u>	<u>786,572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,006,972)</u>	<u>(1,006,972)</u>	<u>(133,396)</u>	<u>873,576</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	166,823	166,823
Transfers out	<u>(9,595)</u>	<u>(9,595)</u>	<u>(9,595)</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,595)</u>	<u>(9,595)</u>	<u>157,228</u>	<u>166,823</u>
Net change in fund balances	(1,016,567)	(1,016,567)	23,832	1,040,399
Fund balances - beginning of year	<u>1,016,567</u>	<u>1,016,567</u>	<u>1,164,984</u>	<u>148,417</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,188,816</u>	<u>\$ 1,188,816</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Other revenues	\$ -	\$ -	\$ 411	\$ 411
Total revenues	-	-	411	411
EXPENDITURES				
Debt service:				
Principal	93,809	93,809	-	93,809
Interest and fiscal charges	75,136	75,136	-	75,136
Total expenditures	168,945	168,945	-	168,945
Excess (deficiency) of revenues over (under) expenditures	(168,945)	(168,945)	411	169,356
OTHER FINANCING SOURCES (USES)				
Transfers in	168,945	168,945	-	(168,945)
Total other financing sources (uses)	168,945	168,945	-	(168,945)
Net change in fund balances	-	-	411	411
Fund balances - beginning of year	-	-	815	815
Fund balances - end of year	\$ -	\$ -	\$ 1,226	\$ 1,226

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
City tax revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning of year	-	-	(1,149,141)	(1,149,141)
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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Other revenues	\$ -	\$ -	\$ 24	\$ 24
Total revenues	-	-	24	24
EXPENDITURES				
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balances	-	-	24	24
Fund balances - beginning of year	-	-	99	99
Fund balances - end of year	\$ -	\$ -	\$ 123	\$ 123

CITY OF BULLHEAD CITY, ARIZONA  
 EXCISE REVENUE BOND REFUNDING  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 2,964	\$ 2,964
Total revenues	-	-	2,964	2,964
EXPENDITURES				
Debt service:				
Principal	1,450,402	1,450,402	1,450,403	(1)
Interest and fiscal charges	167,792	167,792	170,566	(2,774)
Total expenditures	1,618,194	1,618,194	1,620,969	(2,775)
Excess (deficiency) of revenues over (under) expenditures	(1,618,194)	(1,618,194)	(1,618,005)	189
OTHER FINANCING SOURCES (USES)				
Transfers in	1,618,194	1,618,194	1,566,456	(51,738)
Total other financing sources (uses)	1,618,194	1,618,194	1,566,456	(51,738)
Net change in fund balances	-	-	(51,549)	(51,549)
Fund balances - beginning of year	-	-	52,345	52,345
Fund balances - end of year	\$ -	\$ -	\$ 796	\$ 796

# 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, 2017

	Fleet Services	Risk Management	Employee Benefit Trust	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ -	\$ 202,156	\$ 133,261	\$ 335,417
Accounts receivable, net	2,067	3,891	-	5,958
Inventory	35,694	-	-	35,694
Total current assets	<u>37,761</u>	<u>206,047</u>	<u>133,261</u>	<u>377,069</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	6,941,819	-	-	6,941,819
Less accumulated depreciation	(5,944,622)	-	-	(5,944,622)
Total noncurrent assets	<u>2,104,789</u>	<u>-</u>	<u>-</u>	<u>2,104,789</u>
Total assets	<u>2,142,550</u>	<u>206,047</u>	<u>133,261</u>	<u>2,481,858</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	17,653	82,313	175,877	275,843
Accrued payroll and related liabilities	9,033	3,933	-	12,966
Due to other funds	212,538	-	-	212,538
Other liabilities	2,137	1,820	-	3,957
Total liabilities	<u>241,361</u>	<u>88,066</u>	<u>175,877</u>	<u>505,304</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	-	3,891	-	3,891
Total deferred inflows of resources	<u>-</u>	<u>3,891</u>	<u>-</u>	<u>3,891</u>
<b>NET POSITION</b>				
Net investment in capital assets	2,104,789	-	-	2,104,789
Unrestricted (deficit)	(203,600)	114,090	(42,616)	(132,126)
Total net position	<u>\$ 1,901,189</u>	<u>\$ 114,090</u>	<u>\$ (42,616)</u>	<u>\$ 1,972,663</u>



CITY OF BULLHEAD CITY, ARIZONA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
Year Ended June 30, 2017

	Fleet Services	Risk Management	Employee Benefit Trust	Total
Operating revenues				
Charges for services	\$ 1,119,523	\$ 1,183,156	\$ 3,195,659	\$ 5,498,338
Other revenues	32,436	53,071	288,649	374,156
Total operating revenue	<u>1,151,959</u>	<u>1,236,227</u>	<u>3,484,308</u>	<u>5,872,494</u>
Operating expenses				
Salaries and related expenses	286,324	140,790	-	427,114
Medical claims and self-insurance	-	441,224	3,719,912	4,161,136
Administration	733,044	649,527	9,443	1,392,014
Utilities	31,503	-	-	31,503
Maintenance, supplies and equipment	37,165	-	-	37,165
Depreciation	244,185	-	-	244,185
Other	53,127	-	-	53,127
Total operating expenses	<u>1,385,348</u>	<u>1,231,541</u>	<u>3,729,355</u>	<u>6,346,244</u>
Operating income (loss)	<u>(233,389)</u>	<u>4,686</u>	<u>(245,047)</u>	<u>(473,750)</u>
Non-operating Revenues (Expenses)				
Investment income	78	999	537	1,614
Gain (loss) on disposal of capital assets	7,728	-	-	7,728
Total nonoperating revenue (expense)	<u>7,806</u>	<u>999</u>	<u>537</u>	<u>9,342</u>
Income (loss) before contributions and transfers	<u>(225,583)</u>	<u>5,685</u>	<u>(244,510)</u>	<u>(464,408)</u>
Capital contributions	<u>196,375</u>	<u>-</u>	<u>-</u>	<u>196,375</u>
Change in net position	<u>(29,208)</u>	<u>5,685</u>	<u>(244,510)</u>	<u>(268,033)</u>
Net position, beginning of year	<u>1,930,397</u>	<u>108,405</u>	<u>201,894</u>	<u>2,240,696</u>
Total net position-end of year	<u>\$ 1,901,189</u>	<u>\$ 114,090</u>	<u>\$ (42,616)</u>	<u>\$ 1,972,663</u>

CITY OF BULLHEAD CITY, ARIZONA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year Ended June 30, 2017

	<u>Fleet Services</u>	<u>Risk Management</u>	<u>Employee Benefit Trust</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services	\$ 1,118,970	\$ 1,183,156	\$ 3,195,659	\$ 5,497,785
Other operating receipts	32,436	53,071	288,649	374,156
Payments to suppliers	(900,302)	(1,170,410)	(3,553,625)	(5,624,337)
Payments to employees	(284,484)	(142,179)	-	(426,663)
Cash flows from operating activities	<u>(33,380)</u>	<u>(76,362)</u>	<u>(69,317)</u>	<u>(179,059)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Payments to other funds	25,574	-	-	25,574
Cash flows from noncapital and related financing activities	<u>25,574</u>	<u>-</u>	<u>-</u>	<u>25,574</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of capital assets	7,728	-	-	7,728
Cash flows from capital and related financing activities	<u>7,728</u>	<u>-</u>	<u>-</u>	<u>7,728</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	78	999	537	1,614
Cash flows from investing activities	<u>78</u>	<u>999</u>	<u>537</u>	<u>1,614</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>				
	-	(75,363)	(68,780)	(144,143)
Cash and cash equivalents at beginning of year	<u>-</u>	<u>277,519</u>	<u>202,041</u>	<u>479,560</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 202,156</u>	<u>\$ 133,261</u>	<u>\$ 335,417</u>



Reconciliation of operating loss  
to net cash provided (used) by operating  
activities:

Net operating loss	\$ (233,389)	\$ 4,686	\$ (245,047)	\$ (473,750)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation/amortization expense	244,185	-	-	244,185
Changes in operating assets and liabilities (Increase)/decrease in:				
Accounts receivable	(553)	3,891	-	3,338
Inventory	1,086	-	-	1,086
Increase/(decrease) in:				
Accounts payable	(46,549)	(79,659)	175,730	49,522
Accrued payroll and related liabilities	1,840	(1,389)	-	451
Deferred revenue	-	(3,891)	-	(3,891)
Net cash provided (used) by operating activities:	<u>\$ (33,380)</u>	<u>\$ (76,362)</u>	<u>\$ (69,317)</u>	<u>\$ (179,059)</u>

Noncash investing, capital, and  
financing activities:

Contributions of capital assets	\$ 196,375	\$ -	\$ -	\$ 196,375
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# Statistical Section

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

**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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>Governmental Activities</u></b>				
Net investment in Capital Assets	\$ 93,569	\$ 40,512	\$ 64,000	\$ 61,985
Restricted	7,352	9,604	9,165	5,793
Unrestricted	<u>40,125</u>	<u>30,848</u>	<u>4,042</u>	<u>4,884</u>
Total Governmental Activities Net Position	141,045	80,965	77,207	72,662
<b><u>Business-type Activities</u></b>				
Net investment in Capital Assets	89,008	89,794	87,291	90,358
Restricted	-	-	-	-
Unrestricted	<u>10,765</u>	<u>10,658</u>	<u>11,410</u>	<u>7,742</u>
Total Business-type Activities Net Position	99,772	100,452	98,701	98,101
<b><u>Primary Government</u></b>				
Net investment in Capital Assets	182,576	130,307	151,291	152,343
Restricted	7,352	9,604	9,165	5,793
Unrestricted	<u>50,890</u>	<u>41,506</u>	<u>15,451</u>	<u>12,626</u>
Total Primary Government Net Position	<u><u>\$240,818</u></u>	<u><u>\$181,417</u></u>	<u><u>\$175,907</u></u>	<u><u>\$170,763</u></u>

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 58,405	\$ 54,629	\$ 49,623	\$ 44,857	\$ 23,203	\$ 22,222
7,562	9,118	7,405	5,347	5,045	5,893
<u>1,570</u>	<u>1,054</u>	<u>2,678</u>	<u>(9,567)</u>	<u>7,715</u>	<u>2,611</u>
67,537	64,801	59,705	40,637	35,963	30,726
88,826	89,006	84,699	90,081	92,001	93,098
-	-	-	-	3,110	3,004
<u>7,697</u>	<u>6,944</u>	<u>11,759</u>	<u>6,103</u>	<u>449</u>	<u>(219)</u>
96,523	95,950	96,459	96,184	95,560	95,883
147,231	143,635	134,323	134,938	115,203	115,319
7,562	9,118	7,405	5,347	8,154	8,897
<u>9,267</u>	<u>7,998</u>	<u>14,437</u>	<u>(3,464)</u>	<u>8,165</u>	<u>2,392</u>
<u><u>\$164,060</u></u>	<u><u>\$160,751</u></u>	<u><u>\$156,164</u></u>	<u><u>\$136,821</u></u>	<u><u>\$131,522</u></u>	<u><u>\$126,608</u></u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Expenses</b>				
Governmental Activities:				
General Government	\$ 12,580	\$ 12,197	\$ 12,266	\$ 11,479
Public Safety	13,530	13,333	11,972	11,142
Culture and Recreation	2,475	4,569	2,495	2,349
Economic Development	201	192	184	339
Redevelopment and housing	1,161	784	940	533
Highways and Streets	4,069	9,206	8,933	8,758
Health and Welfare	-	-	-	-
Interest on Long-term Debt	2,701	2,513	1,643	2,039
Total Governmental Activities Expenses	<u>36,717</u>	<u>42,795</u>	<u>38,433</u>	<u>36,640</u>
Business-type Activities:				
Wastewater Operations	7,196	8,343	8,766	9,206
Water Operations	165	99	96	13
Total Business-type Activities Expenses	<u>7,360</u>	<u>8,442</u>	<u>8,862</u>	<u>9,219</u>
Total Primary Government Expenses	44,077	51,237	47,295	45,858
<b>Program Revenue</b>				
Governmental Activities:				
Charges for Services:				
General Government	2,741	2,238	1,977	1,822
Public Safety	1,004	929	872	825
Culture and recreation	147	218	178	259
Redevelopment and housing	-	-	-	-
Highways and streets	416	361	324	311
Operating Grants and Contributions	7,867	4,677	6,927	5,964
Capital Grants and Contributions	12,190	5,449	2,893	3,019
Total Governmental Activities Program Revenues	<u>24,365</u>	<u>13,873</u>	<u>13,171</u>	<u>12,200</u>
Business-type Activities:				
Charges for Services:				
Wastewater Operations	8,122	8,413	8,646	8,708
Water Operations	1,210	208	209	146
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	737	499	305	154
Total Business-type Activities Revenues	<u>10,069</u>	<u>9,120</u>	<u>9,160</u>	<u>9,007</u>
Total Primary Government Revenues	\$ 34,433	\$ 22,993	\$ 22,331	\$ 21,208

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 8,471	\$ 8,710	\$ 10,209	\$ 10,198	\$ 10,196	\$ 10,585
12,396	12,774	13,026	13,944	12,565	16,016
3,160	3,535	4,278	4,519	4,361	4,472
149	155	115	124	79	339
455	330	168	417	421	662
8,647	9,103	8,638	8,841	9,874	9,714
-	-	-	-	919	869
1,606	1,374	1,044	946	782	735
34,884	35,981	37,477	38,989	39,199	43,392
9,214	10,027	9,362	9,799	10,127	9,583
20	19	36	29	11	31
9,234	10,045	9,398	9,827	10,138	9,613
44,118	46,026	46,875	48,817	49,337	53,005
2,116	2,271	2,542	2,970	2,303	2,926
887	917	976	955	1,738	1,767
219	175	197	169	1,563	1,467
-	-	-	-	-	0
313	261	391	394	76	42
5,895	7,043	5,466	5,791	5,790	7,320
1,800	1,754	1,568	1,086	524	425
11,229	12,421	11,139	11,366	11,994	13,946
9,180	9,068	9,082	9,078	9,053	9,002
293	39	124	55	70	59
-	-	-	-	-	-
177	162	523	172	140	654
9,650	9,269	9,729	9,305	9,263	9,715
\$ 20,879	\$ 21,690	\$ 20,867	\$ 20,671	\$ 21,258	\$ 23,662

Continued

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net (Expense)/Revenue				
Governmental Activities	\$ (12,352)	\$ (28,922)	\$ (25,262)	\$ (24,440)
Business-type Activities	<u>2,709</u>	<u>678</u>	<u>298</u>	<u>(211)</u>
Total Primary Government Net Expense	(9,643)	(28,244)	(24,964)	(24,651)
Governmental Activities:				
Taxes				
City Sales Tax	12,613	10,651	10,071	10,262
State Shared Sales Tax	3,482	3,000	2,798	2,952
Urban Revenue Sharing	5,377	5,716	4,933	3,719
Franchise Tax	560	543	540	539
State Shared Vehicle License Tax	2,208	2,120	1,887	1,872
Other Taxes	78	68	75	73
Gain (loss) of sale of capital assets	-	-	-	-
Interest and Investment Income	808	69	126	32
Miscellaneous and Special Items	(393)	-	-	-
Transfers	<u>(40,268)</u>	<u>6</u>	<u>1,150</u>	<u>445</u>
Total Governmental Activities	(15,533)	22,173	21,580	19,894
Business-type Activities:				
Gain (loss) of sale of capital assets	-	-	-	-
Interest and Investment Income	299	8	89	56
Transfers	<u>40,268</u>	<u>(6)</u>	<u>(1,150)</u>	<u>(445)</u>
Total Business-type Activities	<u>40,567</u>	<u>2</u>	<u>(1,061)</u>	<u>(389)</u>
Total Primary Government	25,033	22,175	20,520	19,506
Change in Net Position				
Governmental Activities	(27,885)	(6,749)	(3,682)	(4,545)
Business-type Activities	<u>43,275</u>	<u>680</u>	<u>(762)</u>	<u>(600)</u>
Total Primary Government	<u>\$ 15,390</u>	<u>\$ (6,069)</u>	<u>\$ (4,444)</u>	<u>\$ (5,145)</u>



<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ (23,655)	\$ (23,559)	\$ (26,338)	\$ (27,624)	\$ (27,205)	\$ (29,445)
416	(777)	331	(522)	(875)	102
(23,239)	(24,336)	(26,008)	(28,146)	(28,079)	(29,343)
10,164	10,299	10,891	11,318	12,152	12,867
3,102	3,246	3,447	3,629	3,728	3,615
3,337	4,039	4,407	4,787	4,761	4,826
621	659	677	687	707	734
1,850	1,832	1,902	2,019	2,157	2,295
75	71	-	-	-	-
18	37	33	3	-	-
23	20	12	11	13	49
-	-	-	-	-	-
62	(100)	(128)	(217)	(211)	(177,067)
19,251	20,103	21,243	22,235	23,308	24,208
(1,984)	-	-	(12)	-	-
52	104	50	43	40	44
(62)	100	128	217	211	177
(1,994)	204	178	248	251	221
17,257	20,307	21,421	22,483	23,559	24,429
(4,404)	(3,457)	(5,095)	(5,389)	(3,897)	(5,237)
(1,578)	(572)	508	(275)	(624)	323
\$ (5,982)	\$ (4,029)	\$ (4,587)	\$ (5,663)	\$ (4,521)	\$ (4,914)

Concluded

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Fund</b>				
Reserved	\$ 117	\$ 161	\$ 89	\$ -
Unreserved	12,370	7,230	6,023	-
Nonspendable	-	-	-	96
Restricted	-	-	-	82
Unassigned	-	-	-	6,127
Total General Fund	<u>\$ 12,486</u>	<u>\$ 7,390</u>	<u>\$ 6,112</u>	<u>\$ 6,305</u>
<b>All Other Governmental Funds</b>				
Restricted	\$ 1,745	\$ (112)	\$ (108)	\$ 5,711
Nonspendable	-	-	-	35
Unassigned	-	-	-	(1,120)
<b>Unreserved, reported in:</b>				
Special Revenue Funds	1,395	1,481	1,040	-
Capital Project Funds	1,923	4,484	2,920	-
Debt Service Funds	-	3,717	5,240	-
Total All Other Governmental Funds	<u>\$ 5,063</u>	<u>\$ 9,570</u>	<u>\$ 9,092</u>	<u>\$ 4,626</u>

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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
8	11	879	874	874	1,354
79	79	49	31	31	53
<u>6,221</u>	<u>6,237</u>	<u>6,635</u>	<u>8,526</u>	<u>9,568</u>	<u>10,048</u>
<u>\$ 6,307</u>	<u>\$ 6,327</u>	<u>\$ 7,563</u>	<u>\$ 9,431</u>	<u>\$ 10,473</u>	<u>\$ 11,455</u>
\$ 7,418	\$ 8,968	\$ 7,452	\$ 5,445	\$ 5,393	5,864
1	1	-	20	-	-
(1,610)	(2,127)	(2,081)	(1,952)	(1,732)	(1,577)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 5,809</u>	<u>\$ 6,843</u>	<u>\$ 5,371</u>	<u>\$ 3,513</u>	<u>\$ 3,661</u>	<u>\$ 4,287</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Revenues</b>				
City tax revenue	\$ 13,252	\$ 11,263	\$ 10,686	\$ 10,874
Intergovernmental	19,928	18,956	17,526	14,386
Charges for services	1,503	1,588	2,119	2,193
Special assessments	9,745	7,958	7,026	6,262
Licenses and permits	1,684	1,186	483	395
Fines and forfeitures	1,030	833	782	670
Rents	36	30	51	45
Interest income	808	69	126	32
Other revenue	296	312	196	1,743
<b>Total Revenues</b>	<b>48,281</b>	<b>42,193</b>	<b>38,995</b>	<b>36,600</b>
<b>Expenditures</b>				
General government	11,547	10,371	10,639	7,637
Public safety	12,861	12,794	11,576	11,360
Culture and recreation	2,185	4,290	2,183	2,022
Economic development	201	192	184	339
Redevelopment and housing	1,161	784	926	533
Highways and streets	3,527	3,759	3,243	3,043
Health and welfare	-	-	-	-
Debt service:				
Principal	4,334	5,793	5,514	10,445
Interest and fiscal charges	2,701	2,513	1,643	2,039
Bond Issuance Costs	-	-	-	-
Capital outlay	10,082	4,454	6,209	4,465
<b>Total Expenditures</b>	<b>48,599</b>	<b>44,949</b>	<b>42,118</b>	<b>41,883</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	12,940	6,892	4,208	2,406
Transfers out	(12,484)	(7,013)	(2,841)	(1,961)
Refunding Bonds Issued	-	-	-	-
Capital lease agreements	108	-	-	215
Proceeds from issuance of bonds	5,446	-	-	-
Payments to escrow agent	-	-	-	-
Special item - Laughlin Ranch bad debt	(400)	-	-	-
Premium on bonds issued	-	-	-	-
Sale of capital assets	7	-	-	-
<b>Total Other Financing Sources and (Uses)</b>	<b>5,618</b>	<b>(121)</b>	<b>1,367</b>	<b>660</b>
<b>Net Change in Fund Balances</b>	<b>\$ 5,300</b>	<b>\$ (2,877)</b>	<b>\$ (1,756)</b>	<b>\$ (4,624)</b>
Debt Service as a Percentage of Noncapital Expenditures	18.3%	20.5%	19.9%	33.4%

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$	10,859	\$ 11,028	\$ 11,569	\$ 12,005	\$ 12,859	\$ 13,601
	14,246	16,359	15,230	16,066	16,172	17,627
	2,133	2,147	2,482	2,640	2,724	2,863
	5,893	5,076	4,131	3,908	3,752	3,186
	461	469	570	654	635	617
	912	972	1,011	1,132	1,160	1,182
	34	34	41	44	55	67
	23	20	12	11	13	49
	614	624	668	484	1,085	1,060
	<u>35,174</u>	<u>36,729</u>	<u>35,715</u>	<u>36,944</u>	<u>38,455</u>	<u>40,251</u>
	3,580	7,746	8,876	8,327	9,319	9,683
	11,191	12,300	12,557	12,562	11,522	11,633
	2,844	3,532	3,549	3,834	3,660	3,971
	149	155	115	124	77	342
	457	332	167	410	420	676
	6,924	2,661	2,808	3,038	4,085	2,695
	-	-	-	-	919	869
	5,365	5,351	4,497	4,508	4,895	3,877
	1,606	1,374	1,044	946	741	620
	-	-	-	-	54	-
	<u>1,669</u>	<u>2,161</u>	<u>2,696</u>	<u>2,978</u>	<u>2,320</u>	<u>4,113</u>
	<u>33,785</u>	<u>35,613</u>	<u>36,308</u>	<u>36,727</u>	<u>38,012</u>	<u>38,480</u>
	2,004	1,918	1,732	1,714	4,359	4,974
	(2,225)	(2,018)	(1,860)	(1,931)	(4,570)	(5,151)
	-	-	-	-	2,712	-
	18	37	378	8	57	-
	-	-	6,605	-	1,510	-
	-	-	(6,531)	-	(2,623)	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>33</u>	<u>3</u>	<u>78</u>	<u>13</u>
	<u>(204)</u>	<u>(63)</u>	<u>358</u>	<u>(206)</u>	<u>1,524</u>	<u>(164)</u>
\$	<u>1,185</u>	<u>1,053</u>	<u>(236)</u>	<u>11</u>	<u>1,967</u>	<u>1,607</u>
	21.7%	20.1%	16.5%	16.2%	15.9%	13.1%

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Sales	\$ 12,613	\$ 10,651	\$ 10,071	\$ 10,262
Transient Occupancy	78	68	75	73
Franchise	560	543	540	539
Motor Fuel	<u>3,660</u>	<u>3,241</u>	<u>3,155</u>	<u>3,135</u>
Totals	<u>\$ 16,912</u>	<u>\$ 14,504</u>	<u>\$ 13,841</u>	<u>\$ 14,009</u>

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 10,164	\$ 10,299	\$ 10,821	\$ 11,284	\$ 12,078	\$ 12,792
75	71	71	34	75	75
621	659	677	687	707	734
<u>2,794</u>	<u>3,074</u>	<u>3,186</u>	<u>3,416</u>	<u>3,553</u>	<u>3,673</u>
<u>\$ 13,653</u>	<u>\$ 14,102</u>	<u>\$ 14,755</u>	<u>\$ 15,421</u>	<u>\$ 16,412</u>	<u>\$ 17,274</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Sales	\$ 12,613	\$ 10,651	\$ 10,071	\$ 10,262
Franchise	560	543	540	539
Totals	<u>\$ 13,174</u>	<u>\$ 11,195</u>	<u>\$ 10,611</u>	<u>\$ 10,801</u>

Source: City of Bullhead City Finance Department



<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 10,164 621	\$ 10,299 659	\$ 10,821 677	\$ 11,284 687	\$ 12,078 707	\$ 12,792 734
<u>\$ 10,784</u>	<u>\$ 10,957</u>	<u>\$ 11,498</u>	<u>\$ 11,971</u>	<u>\$ 12,784</u>	<u>\$ 13,526</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Mining	\$ 2	\$ 31	\$ -	\$ -
Communications and utilities	68,988	76,437	68,012	64,797
Transportation and warehousing	1,772	982	-	-
Construction	90,627	47,918	30,103	30,969
Manufacturing	17,000	14,156	-	-
Wholesale trade	9,408	8,383	-	-
Retail trade	318,081	279,550	286,109	306,000
Finance and insurance	1,063	1,194	-	-
Real estate, rental and leasing	37,134	34,945	40,633	38,344
Restaurant and bar	44,538	42,751	40,020	40,231
Accommodation	2,228	2,110	-	-
Public administration	794	845	-	-
Services	21,270	16,836	-	-
Arts and entertainment	1,270	668	-	-
Hotel/Motel	-	-	2,197	2,396
Publication	-	-	3,847	3,548
Use tax	-	-	20,432	18,688
Other	12,174	4,411	8,795	4,240
<b>Total</b>	<b><u>\$ 626,351</u></b>	<b><u>\$ 531,218</u></b>	<b><u>\$ 500,148</u></b>	<b><u>\$ 509,214</u></b>
City Transaction Privilege Rate	2.00%	2.00%	2.00%	2.00%

Sources: Arizona Department of Revenue/Revenue Discover Systems

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
65,252	69,953	66,996	67,424	67,264	64,964
-	-	-	-	108	20
24,455	24,617	30,249	34,039	31,327	28,444
-	-	-	-	-	-
-	-	-	-	-	-
306,308	312,112	318,683	347,782	372,050	403,935
-	-	-	-	-	-
37,177	39,092	37,300	37,624	41,847	38,978
43,945	43,705	54,417	49,146	58,130	61,907
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,765	1,782
2,166	2,183	2,253	2,185	2,537	3,247
2,857	2,890	2,536	-	648	1,167
15,457	14,360	20,737	-	22,097	29,833
6,435	3,388	3,550	25,817	5,973	5,303
<b><u>\$ 504,051</u></b>	<b><u>\$ 512,299</u></b>	<b><u>\$ 536,721</u></b>	<b><u>\$ 564,017</u></b>	<b><u>\$ 603,746</u></b>	<b><u>\$ 639,580</u></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

<b>Privilege (Sales) Tax Rates</b>			
<b>Fiscal Year</b>	<b>City Direct</b>	<b>County Rate</b>	<b>State Rate</b>
2008	2.00%	0.25%	5.60%
2009	2.00%	0.25%	5.60%
2010 <sup>a</sup>	2.00%	0.25%	6.60%
2011	2.00%	0.25%	6.60%
2012	2.00%	0.25%	6.60%
2013 <sup>b</sup>	2.00%	0.25%	5.60%
2014	2.00%	0.25%	5.60%
2015	2.00%	0.25%	5.60%
2016	2.00%	0.25%	5.60%
2017	2.00%	0.25%	5.60%

<b>Use Tax Rates</b>			
<b>Fiscal Year</b>	<b>City Direct</b>	<b>County Rate</b>	<b>State Rate</b>
2008	2.00%	0.00%	5.60%
2009	2.00%	0.00%	5.60%
2010 <sup>a</sup>	2.00%	0.00%	6.60%
2011	2.00%	0.00%	6.60%
2012	2.00%	0.00%	6.60%
2013 <sup>b</sup>	2.00%	0.00%	5.60%
2014	2.00%	0.00%	5.60%
2015	2.00%	0.00%	5.60%
2016	2.00%	0.00%	5.60%
2017	2.00%	0.00%	5.60%

<b>Transient Occupancy Tax Rates</b>			
<b>Fiscal Year</b>	<b>City Direct</b>	<b>County Rate</b>	<b>State Rate</b>
2008	3.00%	0.18%	5.60%
2009	3.00%	0.18%	5.60%
2010 <sup>a</sup>	3.00%	0.18%	6.60%
2011	3.00%	0.18%	6.60%
2012	3.00%	0.18%	6.60%
2013 <sup>b</sup>	3.00%	0.18%	5.60%
2014	3.00%	0.18%	5.60%
2015	3.00%	0.18%	5.60%
2016	3.00%	0.18%	5.60%
2017	3.00%	0.18%	5.60%

<b>Jet Fuel Tax Rates (cents per gallon)</b>			
<b>Fiscal Year</b>	<b>City Direct</b>	<b>County Rate</b>	<b>State Rate</b>
2008	0.03	0.00152	0.0305
2009	0.03	0.00152	0.0305
2010	0.03	0.00152	0.0305
2011	0.03	0.00152	0.0305
2012	0.03	0.00152	0.0305
2013	0.03	0.00152	0.0305
2014	0.03	0.00152	0.0305
2015	0.03	0.00152	0.0305
2016	0.03	0.00152	0.0305
2017	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 2017</b>			
	<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Revenue</b>	<b>Percentage of Total</b>
Communications and Utilities	129	4.54%	1,299,270	10.16%
Construction	97	3.42%	568,885	4.45%
Retail Trade	1206	42.46%	8,078,700	63.16%
Real Estate, Rental & Leasing	385	13.56%	779,557	6.09%
Restaurant and Bar	104	3.66%	1,238,139	9.68%
Hotel/Motel	27	0.95%	64,933	0.51%
Publication	9	0.32%	23,340	0.18%
Use Tax	632	22.25%	596,650	4.66%
Other	251	8.84%	142,121	1.11%
Total	<u>2840</u>	<u>100.00%</u>	<u>12,791,595</u>	<u>100.00%</u>

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

<b>Fiscal Year 2008</b>			
<b>Number of Filers</b>	<b>Percentage of Total</b>	<b>Tax Revenue</b>	<b>Percentage of Total</b>
103	3.12%	1,379,758	11.01%
535	16.18%	1,812,536	14.47%
814	24.62%	6,361,616	50.78%
335	10.13%	742,688	5.93%
104	3.15%	890,769	7.11%
17	0.51%	44,564	0.36%
0	0.00%	-	0.00%
0	0.00%	-	0.00%
1398	42.29%	1,295,085	10.34%
<b>3306</b>	<b>100.00%</b>	<b>\$ 12,527,016</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
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
2017	P	251,349,015	2,410,929,628	9,270,331	84,363,679
	S	306,799,292	2,988,440,935	9,356,997	85,111,568

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	
17,925,106	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	
16,152,343	89,751,715	276,771,689	2,585,045,022	0.0000	10.71%
16,152,343	89,751,715	332,308,632	3,163,304,218	0.0000	

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Governmental Activities</b>				
Special Assessment Bonds	\$ 5,310	\$ 4,380	\$ 3,390	\$ 1,885
Revenue Bonds (1)	18,579	17,121	15,588	14,575
Notes Payable	47,011	43,840	40,491	32,773
Capital Leases	834	651	471	448
Claims and judgments	-	-	350	350
Net Pension Liabilities	-	-	-	-
Compensated absences	1,892	2,178	1,991	2,250
Total Governmental Activities	<u>73,626</u>	<u>68,170</u>	<u>62,281</u>	<u>52,281</u>
<b>Business-Type Activities</b>				
Revenue Bonds (2)	30,069	28,199	35,874	32,192
Capital Leases	274	43	4	-
Compensated absences	159	188	275	324
Total Business-Type Activities	<u>30,502</u>	<u>28,430</u>	<u>36,153</u>	<u>32,516</u>
Total Primary Government	<u>\$ 104,128</u>	<u>\$ 96,600</u>	<u>\$ 98,434</u>	<u>\$ 84,797</u>
Percentage of Personal Income*	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>	<u>0.01%</u>
Per Capita*	<u>\$ 2.53</u>	<u>\$ 2.32</u>	<u>\$ 2.30</u>	<u>\$ 2.14</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 975	\$ -	\$ -	\$ -	\$ -	\$ -
13,527	12,433	11,910	10,667	10,732	9,144
29,603	26,432	23,262	20,092	16,944	14,762
225	116	400	297	158	80
75	64	-	-	-	-
-	-	-	17,647	18,314	23,929
2,318	2,389	2,561	2,481	2,591	3,070
<u>46,723</u>	<u>41,434</u>	<u>38,133</u>	<u>51,185</u>	<u>48,741</u>	<u>50,986</u>
29,426	26,743	29,929	26,850	23,512	20,771
-	-	484	365	247	125
371	271	416	458	491	532
<u>29,797</u>	<u>27,014</u>	<u>30,829</u>	<u>27,673</u>	<u>24,249</u>	<u>21,428</u>
<u>\$ 76,519</u>	<u>\$ 68,448</u>	<u>\$ 68,961</u>	<u>\$ 78,857</u>	<u>\$ 72,990</u>	<u>\$ 72,413</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>\$ 1.94</u>	<u>\$ 1.73</u>	<u>\$ 1.75</u>	<u>\$ 1.97</u>	<u>\$ 1.82</u>	<u>\$ 1.81</u>

City of Bullhead City, Arizona  
Table 12  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2017

<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		15.85%	
Mohave County Community College District	-	15.85%	-
Bullhead City Fire District	-	100.00%	-
Western AZ Vocation Ed District	-	16.03%	-
Colorado River Union High School District No. 2	31,645	55.59%	1,759,146
Bullhead City Elementary School District No. 15	-	99.37%	-
Subtotal, overlapping debt	<u>31,645</u>		<u>1,759,146</u>
City direct debt	<u>-</u>	<u>100.00%</u>	<u>-</u>
Total direct and overlapping debt	<u><u>\$ 31,645</u></u>		<u><u>\$ 1,759,146</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b><u>20% Limitation (1)</u></b>				
Debt limit Equal to 20% of Assessed Valuation	\$ 88,948,963	\$ 108,851,206	\$ 72,293,006	\$ 59,442,262
Total net debt applicable to 20% limit	-	-	-	-
Legal 20% debt margin (Available Borrowing Capacity)	<u>\$ 88,948,963</u>	<u>\$ 108,851,206</u>	<u>\$ 72,293,006</u>	<u>\$ 59,442,262</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	\$ 26,684,689	\$ 32,655,362	\$ 21,687,902	\$ 17,832,679
Total net debt applicable to 6% limit	-	-	-	-
Legal 6% debt margin (Available Borrowing Capacity)	<u>\$ 26,684,689</u>	<u>\$ 32,655,362</u>	<u>\$ 21,687,902</u>	<u>\$ 17,832,679</u>
Total net debt applicable to 6% limit as a percentage of 6% debt limit	0.00%	0.00%	0.00%	0.00%

(1) Additional bonds amounting to 20% of the assessed valuation of taxable property can be issued for supplying 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>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 54,487,549	\$ 54,199,482	\$ 52,927,374	\$ 52,413,224	\$ 53,768,123	\$ 55,746,568
-	-	-	-	-	-
<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>	<u>\$ 55,746,568</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 16,346,265	\$ 16,259,845	\$ 15,878,212	\$ 15,723,967	\$ 16,130,437	\$ 16,723,970
-	-	-	-	-	-
<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>	<u>\$ 16,723,970</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Municipal Property Corporation Bonds</b>				
Excise Taxes	\$ 28,233,034	\$ 25,128,801	\$ 23,030,632	\$ 21,902,438
<b>Debt Service</b>				
Principal	3,235,000	3,380,000	4,195,000	3,625,000
Interest	2,175,105	2,164,327	1,950,705	1,978,823
Coverage	5.22	4.53	3.75	3.91

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>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 21,643,307	\$ 22,758,705	\$ 24,198,716	\$ 25,398,021	\$ 26,534,754	\$ 27,519,938
3,755,000	3,885,000	3,110,000	3,195,000	3,670,000	3,719,000
1,851,323	1,713,473	1,587,325	849,382	563,788	512,798
3.86	4.07	5.15	6.28	6.27	6.50



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>
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	39,445	881,896	21,999	50.4	4,726	7.90%
2016	39,970	867,241	20,462	50.0	4,591	7.60%
2017	40,495	901,540	22,263	50.5	4,933	6.00%

Data Sources:

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

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

Employer	2017		
	Employees	Rank	Percentage of Total City Employment*
Western Arizona Regional Medical Center	680	1	4.24%
Wal-Mart	405	2	2.52%
City of Bullhead City	405	2	2.52%
Bullhead City Elementary School District #15	370	4	2.31%
Colorado River Union High School District	265	5	1.65%
Sam's Club	165	6	1.03%
Safeway	140	7	0.87%
Smith's Food & Drug #191	130	11	0.81%
Lowe's	120	8	0.75%
Silver Ridge Village	120	9	0.75%
Home Depot	120	12	0.75%
Kohl's	114	10	0.71%
Target	96	13	0.60%
Mohave Electric Cooperative	78	14	0.49%
News West Publishing	65	15	0.40%
Kmart Discount Department Store	0		
<b>Total</b>	<b>3,273</b>		<b>20.39%</b>

Source: Employer

\* June 2017 labor force 16,051

\*\* 2008 labor force 21,600

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

<b>2008</b>		
<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment**</b>
575	1	2.66%
490	2	2.27%
415	4	1.92%
471	3	2.18%
178	5	0.82%
162	7	0.75%
81	10	0.38%
65	12	0.30%
		0.00%
175	6	0.81%
140	8	0.65%
80	11	0.37%
101	9	0.47%
52	13	0.24%
<b>2,985</b>		<b>13.82%</b>

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

<b>Function</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General Government	145.50	119.50	110.60	107.60
Public Safety	138.00	129.50	128.50	127.50
Highways and Streets	32.00	29.00	20.00	20.00
Culture and Recreation	21.00	19.00	17.00	17.00
Redevelopment and housing	2.00	2.00	2.00	2.00
Wastewater Operations	19.00	18.00	18.00	18.00
	<u>357.50</u>	<u>317.00</u>	<u>296.10</u>	<u>292.10</u>

Source: City of Bullhead City Finance Department.

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
99.50	99.50	100.50	101.50	100.90	104.50
126.50	125.50	125.50	124.50	124.50	117.50
19.00	19.00	19.00	19.00	19.00	19.00
20.00	17.00	18.00	19.00	20.00	22.00
2.00	1.00	1.00	1.00	1.00	1.00
18.00	18.00	19.00	20.00	20.00	20.00
<b>285.00</b>	<b>280.00</b>	<b>283.00</b>	<b>285.00</b>	<b>285.40</b>	<b>284.00</b>

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

Function	2008	2009	2010	2011
<b>Police</b>				
Number of Sworn Officers	83	83	83	83
Number of Events Responded To	43,835	45,859	44,155	44,891
Number of Criminal Arrests	3,023	3,065	2,691	2,827
Number of Traffic Citations	6,886	5,227	5,374	5,328
<b>Financial Services</b>				
Accounts Payable Checks Issued	7,710	6,159	5,415	6,408
Accounts Payable EFTs Issued <sup>1</sup>				
Purchase Orders Issued	2,193	3,291	3,214	3,914
Payroll Checks Issued <sup>2</sup>	3,100	2,309	61	1,554
Customer Contacts (Utilities, Assessments & Licensing)	57,336	69,363	58,337	61,842
Number of Utility Bills mailed	215,322	219,815	221,489	222,141
Number of Cashier Transactions	184,123	178,308	179,046	180,255
<b>Transit</b>				
Total Transit Ridership	174,149	181,212	161,649	139,255
Miles Driven	314,434	300,629	259,060	278,380
<b>Wastewater Operations</b>				
Number of Service Connections	18,242	18,317	18,557	18,582
Sewage Treated (million gallons per day)	2.95	2.40	2.39	2.39
<b>General</b>				
Building Permits Issued	2,250	1,241	1,196	911
Building Inspections Conducted	26,685	11,552	8,157	5,808
Plan Reviews (Hours) <sup>3</sup>	2,490	1,552	1,101	870

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>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
83	83	82	82	82	76
42,049	41,043	39,667	39,247	36,271	45,312
2,376	2,428	2,727	2,652	2,513	1,988
4,431	4,459	3,486	5,094	4,421	5,612
5,600	4,601	4,709	5,359	4,690	5,607
	356	2,574	2,895	3,126	3,968
3,538	3,264	3,108	3,220	3,177	3,273
1,593	1,668	1,669	1,717	1,939	1,746
62,460	63,085	62,833	62,598	62,125	60,725
222,791	223,276	223,536	223,572	223,704	224,376
181,455	190,736	183,278	174,041	168,386	157,440
160,055	163,321	171,958	181,470	180,776	179,300
281,274	267,105	258,581	289,408	272,401	293,300
18,595	18,614	18,700	18,779	18,642	18,687
3.06	3.03	2.80	2.99	3.20	3.27
924	901	1,184	1,480	1,484	1,506
5,686	5,266	7,394	8,669	9,704	10,850
926	885	**	**	**	**

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

Function	2008	2009	2010	2011
<b>Public Safety</b>				
Police Stations	1	1	1	1
Police Vehicles	79	77	77	77
<b>Highways and Streets</b>				
Equivalent 12' Wide Lane Miles	321	321	321	321
Streetlights	2,959	2,959	2,959	2,959
Traffic Signals	8	9	9	9
<b>Culture and Recreation</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.

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
1 77	1 77	1 77	1 71	1 72	1 67
321 2,959 9	321 2,984 9	321 2,984 9	321 2,984 9	321 2,984 9	700 1,208 10
5 286 1 1	7 793 1 1	7 793 1 1	7 793 1 1	7 793 1 1	7 710 1 1



City of Bullhead City, Arizona

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

Category	2017	% of Total
Retail Trade	\$ 8,078,700	63%
Communication & Utilities	1,299,270	10%
Restaurant & Bar	1,238,139	10%
Real Estate, Rental & Leasing	779,557	6%
Construction	568,885	4%
Use Tax	596,650	5%
Other	142,120	1%
Publication	23,340	0%
Accommodation	64,934	1%
Total	<u>\$ 12,791,595</u>	<u>100%</u>

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

	2008	2009	2010	2011
City Sales Tax	12,613,319	10,651,241	10,070,859	10,262,368
Franchise Tax	560,378	543,299	540,128	538,575
Bed Tax	78,255	67,994	75,008	73,122
License & Permit Fees	1,153,108	679,204	483,362	395,454
State Sales Tax	3,481,697	3,000,198	2,798,497	2,951,963
State Income Tax	5,377,295	5,715,646	4,933,312	3,719,085
Auto Lieu Tax	2,208,294	2,012,241	1,886,875	1,872,459
Grant	-	-	-	-
Charges for Services	1,258,323	1,320,627	1,287,735	1,381,019
Fines & Forfeitures	856,278	750,856	688,236	552,407
Miscellaneous	640,116	327,030	267,111	155,994
<b>Total</b>	<b>\$ 28,227,063</b>	<b>\$ 25,068,336</b>	<b>\$ 23,031,123</b>	<b>\$ 21,902,446</b>

2012	2013	2014	2015	2016	2017
10,163,746	10,298,558	10,820,754	11,283,690	12,077,531	12,791,595
620,742	658,933	677,342	686,850	706,887	733,892
74,565	70,694	70,717	34,423	74,792	75,076
460,681	469,137	569,845	654,066	634,701	616,791
3,102,234	3,246,195	3,447,161	3,628,735	3,728,320	3,614,505
3,337,205	4,038,926	4,407,235	4,786,562	4,760,611	4,825,811
1,849,936	1,831,829	1,901,827	2,018,654	2,157,406	2,295,131
1,424	9,432	16,119	3,881	-	-
1,043,171	942,237	1,108,194	1,073,402	1,089,669	1,122,815
840,522	911,330	943,681	1,032,101	1,030,481	1,057,371
120,343	261,908	235,841	195,657	274,356	386,951
<u>\$ 21,614,569</u>	<u>\$ 22,739,179</u>	<u>\$ 24,198,716</u>	<u>\$ 25,398,021</u>	<u>\$ 26,534,754</u>	<u>\$ 27,519,938</u>





# **Compliance Section**

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bullhead City, Arizona, as of and for the year ended June 30, 2017, 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 5, 2017.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Bullhead City, Arizona's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bullhead City, Arizona's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bullhead City, Arizona's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Bullhead City, Arizona's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Henry + Horne LLP*

Casa Grande, Arizona  
December 5, 2017



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, 2017. City of Bullhead City, Arizona's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Bullhead City, Arizona's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Bullhead City, Arizona's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Bullhead City, Arizona's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Bullhead City, Arizona, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

## 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 5, 2017

CITY OF BULLHEAD CITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2017

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Justice:			
Direct programs:			
2015 Bulletproof Vest Program	16.607	2015BUBX15	\$ 2,548
2016 Bulletproof Vest Program	16.607	2016BUBX16083794	431
Subtotal Department of Justice direct programs			<u>2,979</u>
Pass-through programs from:			
State of Arizona Public Safety			
2016 Crime Victim Assistance	16.575	2014-252	21,370
2017 Crime Victim Assistance	16.575	2015-329	46,872
Subtotal Department of Justice pass-through programs			<u>68,242</u>
Total U.S. Department of Justice			<u>71,221</u>
U.S. Department of Housing and Urban Development			
Pass-through programs from:			
State of Arizona Department of Commerce			
2015 Home Investment Partnerships Program	14.239	312-15	115,782
2016 Home Investment Partnerships Program	14.239	300-17	104,668
Total Home Investment Partnerships Program			<u>220,450</u>
Community Development Block Program			
Food Bank Construction	14.228	114-16	245,095
Community Development Block Program Administration			
Administration	14.228	114-16	47,837
Community Development Block Program Drainage Improvements			
Drainage Improvements	14.228	128-16	350,000
Total Community Development Block Program			<u>642,932</u> *
Total U.S. Department of Housing and Urban Development			<u>863,382</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	2017-PT-008	11,428
Pass-through programs from:			
State of Arizona Department of Transportation			
2015 Formula Grants for Rural Areas	20.509	GRT-15-0005533-T	145,490
2016 Formula Grants for Rural Areas	20.509	GRT-16-0005993-T	531,508
Total Formula Grants for Rural Areas			<u>676,998</u>
Total U.S. Department of Transportation			<u>688,426</u>
U.S. Department of Health & Human Services			
Pass-through programs from:			
Western Arizona Council of Governments Special Programs for the Aging Title III, Part C Nutrition Services			
	93.045	E860494205-401-01-17	132,220
U.S. Department of Interior			
Direct programs:			
Colorado River Basin Salinity Control Program	15.509	15-XX-30-W0587	723,376 *
Total Expenditures of Federal Awards			<u>\$ 2,478,625</u>

\*denotes major program

CITY OF BULLHEAD CITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
June 30, 2017

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, 2017. 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, 2017

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?     yes   X  no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?     yes   X  none reported

Noncompliance material to financial statements noted?     yes   X  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?     yes   X  no
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)?     yes   X  none reported

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

Community Development Block Program	<u>Unmodified</u>
Colorado River Basin Salinity Control Program	<u>Unmodified</u>

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
14.218	Community Development Block Program
15.509	Colorado River Basin Salinity Control Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?     yes   X  no

CITY OF BULLHEAD CITY, ARIZONA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2017

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

None noted.

SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

None noted.

**City of Bullhead City**  
Finance Department  
2355 Trane Rd.  
Bullhead City, AZ 86442



December 5, 2017

City of Bullhead City  
Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2017

The findings from the year ended June 30, 2016 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS – FINANCIAL STATEMENT AUDIT**  
**2016-001     Year-end closing procedures**

*Condition:* Merchants remit town sales taxes collected to the State of Arizona in the month after the sales transactions occurred. The State then sends the sales taxes to the City. The City's sales taxes for transactions that occurred in July through June are remitted to the State of Arizona in August through July of each year. Although the City recognized sales tax revenues for 12 months, the sales taxes being recorded each year did not reflect the proper periods.

*Recommendation:* The auditor recommended that the City put into place procedures to ensure that City sales tax revenue are properly cut-off and revenue is captured in the correct fiscal year.

*Action Taken:* The recommendation was adopted during fiscal year 2017 and as a result year end closing procedures were followed and financial statements were accurately reported.