

CITY OF BULLHEAD CITY, ARIZONA  
REPORT ON AUDIT OF ANNUAL  
EXPENDITURE LIMITATION REPORT  
YEAR ENDED JUNE 30, 2017



CITY OF BULLHEAD CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT  
FOR THE YEAR ENDED JUNE 30, 2017

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## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of City of Bullhead City, Arizona for the year ended June 30, 2017. The City's management is responsible for presenting this report in accordance with the uniform expenditure reporting system as described in Note 1. Our responsibility is to express an opinion on this report based on our examination.

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

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

*Henry + Horne LLP*

Casa Grande, Arizona  
December 6, 2017



CITY OF BULLHEAD CITY, ARIZONA  
 ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
 Year Ended June, 30 2017

1	Economic Estimates Commission expenditure limitation	\$ 46,487,697
2	Voter-approved alternative expenditure limitation (Approved March 12, 2013)	<u>N/A</u>
3	Enter applicable amount from line 1 or line 2	\$ 46,487,697
4	Amount subject to the expenditure limitation (total amount from Part II, Line C)	37,228,348
5	Board-authorized expenditures necessitated by a disaster declared by the Governor (Article IX, Sec. 20(2)(a), Arizona Constitution)	N/A
6	Board-authorized expenditures necessitated by a disaster not declared by the Governor (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A
7	Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, Sec. 20(2)(c), Arizona Constitution)	<u>N/A</u>
8	Subtotal	37,228,348
9	Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters (Article IX, Sec. 20(2)(b), Arizona Constitution)	N/A
10	Total adjusted amount subject to the expenditure limitation	<u>37,228,348</u>
11	Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u>\$ 9,259,349</u>

I hereby certify, to the best of my knowledge and belief, that the information contained in this report is accurate and in accordance with the requirements of the uniform expenditure reporting system.

Signature of Chief Fiscal Officer:   
 Name and Title: Rudy Vera, Finance Director

Telephone Number: (928) 763-9400 Date: 12/06/17

CITY OF BULLHEAD CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
Year Ended June 30, 2017

Description	Governmental Funds	Enterprise Funds	Intenal Service Funds	Total
A. Amounts reported on the Reconciliation Line D	<u>\$ 38,355,827</u>	<u>\$ 9,388,551</u>	<u>\$ 6,098,720</u>	<u>\$ 53,843,098</u>
B. Less exclusions claimed:				
1 Debt service requirements on bonded indebtedness proceeds from other long-term obligations debt service requirements on other long-term obligations (Note 2)	1,693,196	2,868,966	-	4,562,162
2 Dividends, interest and gains on the sale or redemption of investment securities	49,483	43,704	1,614	94,801
3 Trustee or custodian	-	-	-	-
4 Grants and aid from the Federal government (Note 3)	1,537,549	654,272	-	2,191,821
5 Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	-	-	-	-
6 Amounts received from the State of Arizona (Note 3)	97,685	-	-	97,685
7 Quasi-external interfund transactions (Note 4)	4,710,633	646,950	140,755	5,498,338
8 Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
9 Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	2,510,600	-	-	2,510,600
10 Contracts with other political subdivisions (Note 6)	1,659,343	-	-	1,659,343
11 Refunds, reimbursements, and other recoveries	-	-	-	-
12 Voter-approved exclusions not identified above (attach resolution)	-	-	-	-
13 Prior years carryforward	-	-	-	-
14 Total exclusions claimed	<u>12,258,489</u>	<u>4,213,892</u>	<u>142,369</u>	<u>16,614,750</u>
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	<u>\$ 26,097,338</u>	<u>\$ 5,174,659</u>	<u>\$ 5,956,351</u>	<u>\$ 37,228,348</u>

See accompanying notes.



CITY OF BULLHEAD CITY, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION  
Year Ended June 30, 2017

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund based financial statements	\$ 38,479,736	\$ 9,613,247	\$ 6,346,244	\$54,439,227
B. Subtractions:				
1 Items not requiring use of current financial resources:				
Depreciation	-	3,872,957	244,185	4,117,142
Loss on disposal of capital assets	-	-	-	-
Bad debt expense	-	16,701	-	16,701
Claims incurred but not reported (IBNR)	-	-	-	-
Landfill closure and postclosure cost	-	-	-	-
Other postemployment benefits (OPEB)	-	-	-	-
Pension Expense	-	-	-	-
2 Expenditures of separate legal entities established under Arizona Revised Statute (Note 7)	66,053	727,692	-	793,745
3 Required fees paid to the Arizona Department of Revenue	57,856	2,301	3,339	63,496
4 Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-
5 Involuntary court judgments	-	-	-	-
6 Total subtractions	123,909	4,619,651	247,524	4,991,084
C. Additions:				
1 Principal payments on long-term debt	-	2,868,966	-	2,868,966
2 Acquisition of capital assets	-	1,525,989	-	1,525,989
3 Amounts paid in the current year but reported as expenses in previous years:				
Claims previously recognized as IBNR	-	-	-	-
OPEB	-	-	-	-
Landfill closure and postclosure costs	-	-	-	-
4 Pension contributions paid in the current year	-	-	-	-
5 Total additions	-	4,394,955	-	4,394,955
D. Amounts reported on Part II, Line A	\$ 38,355,827	\$ 9,388,551	\$ 6,098,720	\$53,843,098

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
 Year Ended June 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 2 DEBT SERVICE REQUIREMENTS ON OTHER LONG-TERM OBLIGATIONS

The exclusions claimed for debt service requirements on bonded indebtedness in the Governmental Funds consists of principal retirement and interest expenditures.

NOTE 3 INTERGOVERNMENTAL REVENUE

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

<u>Description</u>	<u>Governmental</u>	<u>Enterprise</u>
Grants and aid from the federal government	\$ 1,537,549	\$ 654,272
Amounts received from the State of Arizona	97,658	-
Amounts received from the County	885,450	-
Highway user revenues in excess of those received in fiscal year 1979-1980	3,672,637	-
Other revenues - (nonexcludable)	<u>10,735,447</u>	<u>10,838</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 16,928,741</u>	<u>\$ 665,110</u>

CITY OF BULLHEAD CITY, ARIZONA  
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
 Year Ended June 30, 2017

NOTE 4 QUASI EXTERNAL INTERFUND TRANSACTIONS

The exclusion of \$5,498,338 for charges for services paid to the Internal Service Funds consists of the following:

Governmental Funds	\$ 4,710,633
Enterprise Funds	646,950
Internal Service Funds	<u>140,755</u>
	<u>\$ 5,498,338</u>

NOTE 5 HIGHWAY USER REVENUE

The exclusion of \$2,510,600 in the Governmental Funds consists of highway user revenue in excess of the amount received in fiscal year 1979-1980, as shown in the following:

Highway user revenue received	\$ 3,672,637
Highway user revenue received in fiscal year 1979-1980	-
Less: highway user revenue excluded	<u>2,510,600</u>
Amount carried forward	<u>\$ 1,162,037</u>

NOTE 6 CONTRACTS WITH OTHER POLITICAL SUBDIVISIONS

The \$1,659,343 exclusion claimed for contracts with other political subdivisions in the Governmental Funds consists of \$420,384 of expenditures in the general fund for prisoner operations, and \$1,238,959 expended in the Other Nonmajor Funds for flood control operations.

NOTE 7 EXPENDITURES OF SEPARATE LEGAL ENTITIES

The subtraction of \$793,745 for expenditures of separate legal entities established under Arizona Revised Statutes consists of \$66,053 in expenditures of special assessment districts, and \$727,692 of interest paid by the MPC for Enterprise funds.