

HENRY & HORNE, LLP
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF BULLHEAD CITY, ARIZONA
REPORT ON AUDIT OF ANNUAL
EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2016



CITY OF BULLHEAD CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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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 the City of Bullhead City, Arizona for the year ended June 30, 2016. This report is the responsibility of the City's management. 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the City of Bullhead City, Arizona, referred to above, presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Henry & Horne LLP

Casa Grande, Arizona
January 13, 2017

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CITY OF BULLHEAD CITY, ARIZONA
 ANNUAL EXPENDITURE LIMITATION REPORT - PART I
 Year Ended June, 30 2016

1	Economic Estimates Commission expenditure limitation	\$ 45,144,892
2	Voter-approved alternative expenditure limitation (Approved March 12, 2013)	<u>N/A</u>
3	Enter applicable amount from line 1 or line 2	\$ 45,144,892
4	Amount subject to the expenditure limitation (total amount from Part II, Line C)	41,064,772
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	41,064,772
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>41,064,772</u>
11	Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u>\$ 4,080,120</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: 1/13/17

CITY OF BULLHEAD CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
Year Ended June 30, 2016

Description	Governmental Funds	Enterprise Funds	Intenal Service Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 37,952,225	\$ 14,182,862	\$ 6,170,737	\$ 58,305,824
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)	1,782,283	4,651,305	-	6,433,588
2 Dividends, interest and gains on the sale or redemption of investment securities	13,443	39,570	1,085	54,098
3 Trustee or custodian	-	-	-	-
4 Grants and aid from the Federal government (Note 3)	1,113,114	140,000	-	1,253,114
5 Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	181,000	-	-	181,000
6 Amounts received from the State of Arizona (Note 3)	66,742	-	-	66,742
7 Quasi-external interfund transactions (Note 4)	4,844,107	659,570	135,698	5,639,375
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)	2,319,168	-	-	2,319,168
10 Contracts with other political subdivisions (Note 6)	1,293,967	-	-	1,293,967
11 Refunds, reimbursements, and other recoveries	-	-	-	-
12 Voter-approved exclusions not identified above (attach resolution)	-	-	-	-
13 Prior years carryforward	-	-	-	-
14 Total exclusions claimed	<u>11,613,824</u>	<u>5,490,445</u>	<u>136,783</u>	<u>17,241,052</u>
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	<u>\$ 26,338,401</u>	<u>\$ 8,692,417</u>	<u>\$ 6,033,954</u>	<u>\$ 41,064,772</u>

CITY OF BULLHEAD CITY, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
Year Ended June 30, 2016

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	\$ 38,012,280	\$ 10,087,091	\$ 6,343,910	\$ 54,443,281
B. Subtractions:				
1 Items not requiring use of current financial resources:				
Depreciation	-	3,777,969	193,618	3,971,587
Loss on disposal of capital assets	-	-	-	-
Bad debt expense	-	51,312	-	51,312
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)	60,055	702,037	-	762,092
3 Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-
4 Involuntary court judgments	-	-	-	-
5 Total subtractions	60,055	4,531,318	193,618	4,784,991
C. Additions:				
1 Principal payments on long-term debt	-	4,651,305	-	4,651,305
2 Acquisition of capital assets	-	3,975,784	20,445	3,996,229
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	-	8,627,089	20,445	8,647,534
D. Amounts reported on Part II, Line A	\$ 37,952,225	\$ 14,182,862	\$ 6,170,737	\$ 58,305,824

CITY OF BULLHEAD CITY, ARIZONA
 NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
 Year Ended June 30, 2016

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	\$ 1,113,114	\$ 140,000
Amounts received from the State of Arizona	66,742	-
Amounts received from the County	801,955	-
Highway user revenues in excess of those received in fiscal year 1979-1980	3,543,482	-
Other revenues - (nonexcludable)	<u>10,646,697</u>	<u>28,291</u>
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 16,171,990</u>	<u>\$ 168,291</u>

CITY OF BULLHEAD CITY, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
Year Ended June 30, 2016

NOTE 4 QUASI EXTERNAL INTERFUND TRANSACTIONS

The exclusion of \$5,639,375 for charges for services paid to the Internal Service Funds consists of the following:

Governmental Funds	\$ 4,844,107
Enterprise Funds	659,570
Internal Service Funds	<u>135,698</u>
	<u>\$ 5,639,375</u>

NOTE 5 HIGHWAY USER REVENUE

The exclusion of \$2,319,168 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	\$ 3,543,482
Highway user revenue received in fiscal year 1979-1980	-
Less: highway user revenue excluded	<u>2,319,168</u>
Amount carried forward	<u>\$ 1,224,314</u>

NOTE 6 CONTRACTS WITH OTHER POLITICAL SUBDIVISIONS

The \$1,293,967 exclusion claimed for contracts with other political subdivisions in the Governmental Funds consists of \$489,964 of expenditures in the general fund for prisoner operations, and \$804,003 expended in the Other Nonmajor Funds for flood control operations.

NOTE 7 EXPENDITURES OF SEPARATE LEGAL ENTITIES

The subtraction of \$762,092 for expenditures of separate legal entities established under Arizona Revised Statutes consists of \$60,055 in expenditures of special assessment districts, and \$702,037 of interest paid by the MPC for Enterprise funds.