
CITY OF KINGMAN, ARIZONA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2013



CITY OF KINGMAN, ARIZONA

KINGMAN, ARIZONA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Issued by:
Financial Services Department

CITY OF KINGMAN, ARIZONA

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	i
GFOA Certificate of Excellence	vi
Organization Chart	vii
List of Elected and Appointed Officials	viii
<u>FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A) (Required Supplementary Information)	5
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	23
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet - Governmental Funds	28
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	31
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	35
Statement of Net Position - Proprietary Funds	36
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	38
Statement of Cash Flows - Proprietary Funds	40

CITY OF KINGMAN, ARIZONA

TABLE OF CONTENTS (Cont'd)

<u>FINANCIAL SECTION (Cont'd)</u>	<u>Page</u>
Notes to Financial Statements	41
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - General Fund	70
Note to Required Supplementary Information	71
Schedules of Funding Progress	72
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
Governmental Funds:	
Combining Balance Sheet - All Non-Major Governmental Funds - By Fund Type	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - All Non-Major Governmental Funds - By Fund Type	78
Special Revenue Funds:	
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	84
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	86
Debt Service Funds:	
Combining Balance Sheet	92

CITY OF KINGMAN, ARIZONA

TABLE OF CONTENTS (Cont'd)

<u>FINANCIAL SECTION (Concl'd)</u>	<u>Page</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	93
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	94
Capital Projects Funds:	
Combining Balance Sheet	98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	100
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	102
Internal Service Funds:	
Combining Statement of Net Position	110
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	112
Combining Statement of Cash Flows	114
<u>STATISTICAL SECTION</u>	
Financial Trends:	
Net Position by Component	118
Expenses, Program Revenues, and Net Expense	120
General Revenues and Total Changes in Net Position	122
Fund Balances - Governmental Funds	124
Governmental Funds Revenues	126
Governmental Funds Expenditures and Debt Service Ratio	127
Other Financing Sources and Uses and Net Changes in Fund Balances - Governmental Funds	129

CITY OF KINGMAN, ARIZONA

TABLE OF CONTENTS (Concl'd)

<u>STATISTICAL SECTION (Concl'd)</u>	<u>Page</u>
Revenue Capacity:	
Direct and Overlapping Sales Tax Rates	130
Taxable Sales by Category	131
Debt Capacity:	
Outstanding Debt by Type	132
Legal Debt Margin Information	133
Direct and Overlapping Governmental Activities Debt	134
Pledged Revenue Coverage	135
Demographic and Economic Information:	
Demographic and Economic Statistics	136
Principal Employers	137
Operating Information:	
Full-Time Equivalent City Government Employees by Function/Program	138
Capital Assets Statistics by Function	140
Operating Indicators by Function/Program	141

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INTRODUCTORY SECTION

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City of Kingman

310 NORTH FOURTH STREET • KINGMAN • ARIZONA • 86401 • 520 • 753-5561

December 17, 2013

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Kingman:

State law requires that all general-purpose local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Kingman for the fiscal year ended June 30, 2013.

This report consists of management's representations concerning the finances of the City of Kingman. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Kingman has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Kingman's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Kingman's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free of material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Kingman's financial statements have been audited by Heinfeld, Meech & Co., P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Kingman for the fiscal year ended June 30, 2013, 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 statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Kingman's financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Kingman was part of a broader, federally mandated Single Audit as required by the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited entity's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in a separately issued Single Audit Reporting Package.

GAAP 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 the MD&A and should be read in conjunction with it. The City of Kingman's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City of Kingman, incorporated in 1952, is located in northwestern Arizona at the intersection of Interstate 40 and U.S. 93. The City's boundaries enclose 33 square miles in Mohave County and serve a population of 28,336 and enjoy a mild climate at an elevation of 3,345 feet.

The City of Kingman operates under the council-manager form of government. The City Council, which has policy-making and legislative authority, consists of a mayor and a six-member council. The Council is responsible for, among other things, passing ordinances, resolutions and adopting the annual budget. They also appoint committees and hire the City Manager, City Attorney and Magistrate. The City Manager is responsible for carrying out the policies, ordinances and resolutions of the Council, and for overseeing the day-to-day operations of the City. The City Council is elected on a nonpartisan "at large" basis. Council members are elected to four-year staggered terms with three council members elected every two years. The qualified electors of the City directly elect the Mayor for a two-year term.

The City of Kingman provides a full range of services, including police and fire services; planning, zoning, and building code enforcement; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events; and public transit system. The City of Kingman also operates a municipal water, sewer and sanitation utility that presently serves approximately 18,400 customers.

The CAFR includes the financial activity of the primary government, which includes several enterprise activities as well as its blended component unit. A component unit is a legally separate entity for which the primary government is financially accountable. The blended component unit, while legally separate, is a part of the City's operations and is combined with this report. The Kingman Municipal Property Corporation (KMPC) is a nonprofit corporation incorporated under the laws of the State of Arizona and was formed for the sole purpose of financing the acquisition and construction of various projects of the City and has been included in the reporting entity.

The annual budget serves as the foundation for the City of Kingman's financial planning and control. All departments evaluate their programs and services classifying the values and priorities of the citizens of Kingman. The City Manager reviews department requests and may recommend changes to department priorities and/or projects. The City Manager then presents a proposed, balanced budget to City Council for review. The proposed budget is presented in April of each year. The proposed budget with any additions or deletions then becomes the tentative budget which is presented for adoption at the first Council meeting in May. The tentative budget for all funds is then presented to the City Council for final adoption in June. The legal level of budgetary control is at the fund level, which is established by the City Council. The budget is prepared by fund and by department (e.g. police, fire, court, etc.). Department heads may transfer resources within a department as necessary to provide essential services in the most cost-effective way as long as the appropriation transfer is within the total amount of available departmental resources, with the exception of personnel and capital expenditure transfers which require approval of the City Manager. Transfers between departments also require approval of the City Manager and transfers between funds require special approval from the City Council.

Arizona state law requires only two budgetary funds be established, however, additional budgetary funds may be created. The first fund required by state statute is the general fund which stipulates that each city or town prepare a full and complete statement of the financial matters of the political subdivision for the preceding fiscal year and an estimate of the amounts which will be required to meet the public expense for the next fiscal year. The second fund that each city and town in Arizona must establish is the Highway User Revenue Fund (HURF). The monies included in this fund are collected by the state from the tax on the sale of gasoline, sale of diesel fuels and other transportation related fees. The state then shares a certain amount of this revenue with cities and towns. The expenditure of highway user revenues is limited to projects within the public right-of-way.

As indicated in the previous paragraph, a total of two funds are required as a minimum in a city or town budget in the state of Arizona; however a state law requires a budget be shown for all governmental funds established. Therefore, the City of Kingman prepared budget to actual schedules for all governmental funds.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Kingman operates.

Local Economy. In its early years, Kingman's economy was based upon the mining of gold, silver, copper, and later molybdenum. More recently, Kingman has become a regional trade, service and distribution center for northwestern Arizona. Its strategic location relative to Los Angeles, Las Vegas, Phoenix, Laughlin, and the Grand Canyon has made tourism, manufacturing and distribution leading industries.

Kingman enjoys a favorable economic environment and has experienced considerable growth during the last 20 years. The City's population increased 198% since 1980. The Arizona Department of Economic Security estimates Kingman's current population at 28,336. The City supports a market area trade population of some 50,000 persons. The unemployment rate, as of June 2013, was 11.7 percent. This is above the state's rate of 8.0 percent and above the county's rate of 10.1 percent.

Long-Term Financial Planning. The City of Kingman is dedicated to enhancing the quality of life for its citizens and to provide municipal services in the most effective and efficient manner while exercising fiscal responsibility.

A Revenue and Fee Study updated in October 2008 provides a long-term financial plan to fund capital projects and ongoing operating expenses. The long-term plan includes changes to rates and fees over time and incremental changes in sales tax rates to fund needs. Many of these provisions have already been adopted by the City Council including a recent designation of two percent of room tax dollars to fund capital projects and a recent designation of bar and restaurant tax revenues to fund street maintenance items. Provisions of the plan enable current and future residents an affordable way to fund capital improvements and maintain essential City services.

The City has completed several major capital projects this year and has plans for additional projects. Infrastructure improvements including curbs, subsurface drainage, and water and sewer utilities were constructed this fiscal year. The City has upgraded and expanded the Hilltop and Downtown Wastewater Treatment Plants with funding secured through the Water Infrastructure Authority of Arizona. These two projects should provide Kingman area residents with upgraded wastewater facilities and sufficient capacity for the next 20+ years. Construction is also underway for widening and reconstruction of Gordon Drive in central Kingman, along with drainage improvements, traffic signal and lighting improvements. This project will be financed primarily with federal transportation funds and designated local capital project funds. The public safety narrow banding project, security and safety upgrades at the police and fire department facilities and water line replacement were completed this year. Other capital projects in progress include water expansion in the east bench area, street improvements and widening on Airway Avenue in west Kingman and investment in mobile data implementation in our public safety sectors.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the eighth consecutive year that the City has received this prestigious award. In order to be awarded this certificate, the City published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both accounting principals generally accepted in the United States of America and applicable legal requirements.

This certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the programs' requirements and we are submitting it to GFOA to determine its eligibility for the fiscal year 2012-13 certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration departments. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and members of the City Council for their interest and support for maintaining the highest standards of professionalism in the management of the City of Kingman's finances.

Respectfully submitted,



Chief Chuck Osterman
Interim City Manager



Coral Loyd
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

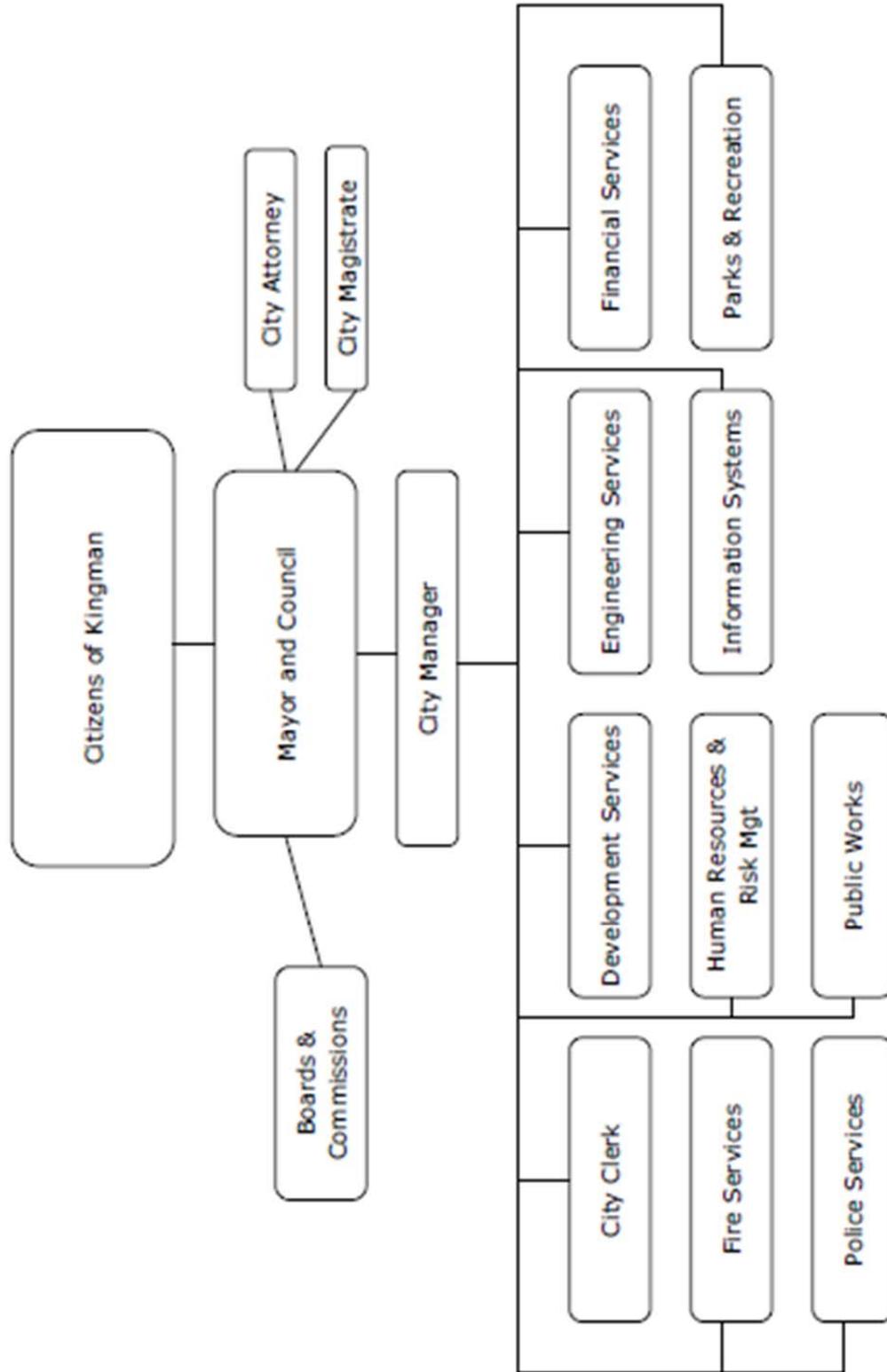
**City of Kingman
Arizona**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

City of Kingman Organization Chart



City of Kingman

City Council Members

Mayor, Janet Watson
Vice Mayor, Carole Young
Richard Anderson
Larry Carver
Erin Cochran
Mark Wimpee
Jen Miles

City Manager

Chuck Osterman (Interim Manager)

City Attorney

Carl Cooper

Magistrate

Kathy McCoy

Departments

City Clerk	Gabe Johns
Development Services	Gary Jeppson
Engineering Services	Greg Henry
Financial Services	Coral Loyd
Fire Services	Chuck Osterman
Human Resources & Risk Mgt.	Jackie Walker
Information Technology	Joe Clos
Parks & Recreation	Mike Meersman
Police Services	Robert DeVries
Public Works	Rob Owen

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Kingman, 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 Kingman, Arizona (City), as of and for the year ended June 30, 2013, 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.

Auditor's 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 auditor's 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 City'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 City'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 Kingman, Arizona, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, for the year ended June 30, 2013, which represents a change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 17 and budgetary comparison information on pages 70 and 71, and schedules of funding progress on page 72 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's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules 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 combining and individual fund financial statements and schedules information is 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013, on our consideration of City of Kingman, Arizona's internal control over financial reporting and on 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 the 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 City of Kingman, Arizona's internal control over financial reporting and compliance.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 17, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(Required Supplementary Information)

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**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

As management of the City of Kingman, Arizona (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

- The City's total net position of governmental activities decreased \$95,011 to \$65.0 million and the business-type activities increased \$4.6 million to \$65.3 million, representing a decrease of less than one percent and an 8 percent increase, respectively, of the total assets of \$130.3 million. The increase in net position for business-type activities was primarily due to an increase in wastewater rates charged and continued construction to upgrade the City's Downtown wastewater treatment plant.
- General revenues from governmental activities accounted for \$22.9 million in revenue, or 79 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6.1 million or 21 percent of total governmental activities revenues. The City had \$19.4 million of program revenues and \$413,345 in general revenues related to business-type activities.
- The City had \$30.0 million in expenses related to governmental activities; of which \$6.1 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$22.9 million provided for the majority of the remaining costs of these programs. The City had \$14.2 million in expenses related to business-type activities. Charges for services of \$19.4 million were adequate to offset the costs.
- Among major governmental funds, the General Fund had \$22.0 million in current fiscal year revenues, which primarily consisted of taxes, charges for services and intergovernmental revenues. The total expenditures of the General Fund were \$22.0 million. The General Fund's fund balance increased \$189,857 to \$7.8 million primarily due to an increase in local tax revenue derived from 1 percent of the restaurant and bar tax allocated to the General Fund beginning July 1, 2012 combined with a reduction of expenditures in the magistrate court and fire department and an increase in the balance of tourism funds.
- Net position of the Internal Service Funds decreased \$9,310 from the prior fiscal year.

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The accrual basis of accounting is used for the government-wide financial statements.

The statement of net position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

In the government-wide financial statements, the City's activities are presented in the following categories:

- **Governmental activities** - Most of the City's basic services are included here, such as general government, public safety, highways and streets, culture and recreation, and economic development. Sales taxes, intergovernmental, and charges for services revenue finance most of these activities.
- **Business-type activities** - The services provided by the City included here are water, wastewater, and sanitation services. The services are financed through user fees and charges.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Cont'd)

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General and Special Assessment Districts Funds, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses a separate enterprise fund to account for its water, wastewater, and sanitation services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its 911 dispatch services, fleet services, insurance services, building maintenance services, information systems services, and employee benefit services.

Because the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the water fund, wastewater fund, and sanitation fund, which are considered to be major funds of the City. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

OVERVIEW OF FINANCIAL STATEMENTS (Concl'd)

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget process. The City adopts an annual budget for all governmental funds. A schedule of revenues, expenditures and changes in fund balances - budget and actual has been provided for the General Fund as required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City, governmental activities assets exceeded liabilities by \$65.0 million at the end of the current fiscal year.

The largest portion of the City's governmental activities net position reflects its investment in capital assets (e.g., land, infrastructure, buildings, improvements other than buildings, vehicles, machinery and equipment and construction in progress), less any related outstanding debt used to acquire those assets.

The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

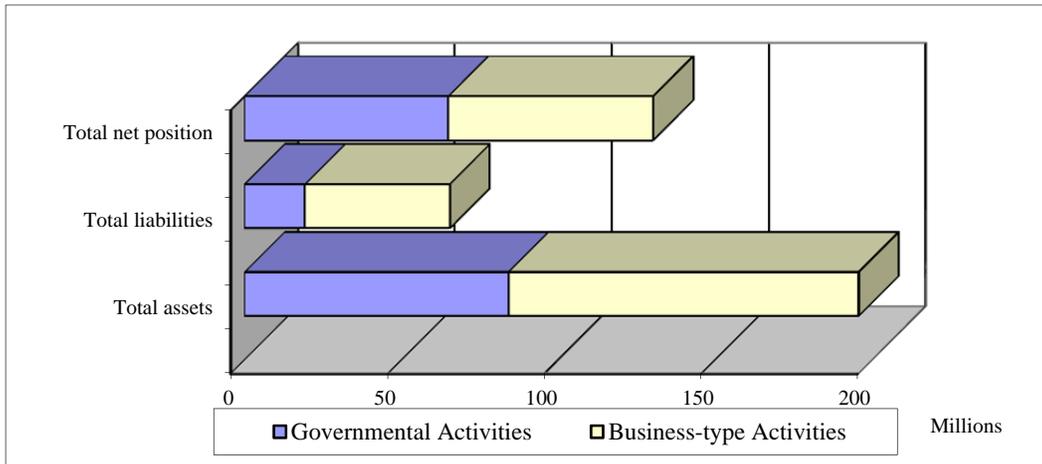
**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The following tables present a summary of the City's net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	2013 Governmental Activities	2012 Governmental Activities	2013 Business-Type Activities	2012 Business-Type Activities	2013 Total	2012 Total
Current and other assets	\$ 31,805,082	\$ 32,708,024	\$ 30,621,144	\$ 27,742,791	\$ 62,426,226	\$ 60,450,815
Capital assets, net	52,484,727	53,744,465	80,821,168	80,667,246	133,305,895	134,411,711
Total assets	84,289,809	86,452,489	111,442,312	108,410,037	195,732,121	194,862,526
Current and other liabilities	4,035,763	4,742,182	1,791,187	2,816,915	5,826,950	7,559,097
Long-term liabilities	15,294,904	16,656,154	44,323,088	44,856,579	59,617,992	61,512,733
Total liabilities	19,330,667	21,398,336	46,114,275	47,673,494	65,444,942	69,071,830
Net position:						
Net investment in capital assets	42,022,454	41,509,396	36,859,201	34,934,099	78,881,655	76,443,495
Restricted	12,054,804	12,533,340	2,627,348	1,848,801	14,682,152	14,382,141
Unrestricted	10,881,884	11,011,417	25,841,488	23,953,643	36,723,372	34,965,060
Total net position	\$ 64,959,142	\$ 65,054,153	\$ 65,328,037	\$ 60,736,543	\$130,287,179	\$125,790,696

Statement of Net Position



At the end of the current fiscal year the City reported positive balances in all categories of net position. The same situation held true for the prior fiscal year.

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

The City's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition of capital assets, and the depreciation of capital assets.

The following are significant current year transactions that had an impact on the change in net position.

- Construction in progress increased \$3.2 million, of which \$2.0 million was primarily due to the continuation of construction to design and upgrade the Downtown wastewater treatment plant.
- The City increased the amount of the WIFA loans used to finance the treatment plants by \$1.8 million and made principal payments of \$2.2 million, resulting in a net decrease of \$388,555.

Changes in net position. The City's total revenues for the current fiscal year were \$48.7 million. The total cost of all programs and services was \$44.2 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2013 and June 30, 2012.

	2013	2012	2013	2012	2013	2012
	Governmental	Governmental	Business-Type	Business-Type	2013	2012
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Revenues						
Program revenues						
Charges for services	\$ 2,574,567	\$ 2,802,162	\$ 19,394,177	\$ 17,854,876	\$ 21,968,744	\$ 20,657,038
Operating grants and contributions	1,940,274	2,250,529			1,940,274	2,250,529
Capital grants and contributions	1,549,150	1,678,832		2,061,111	1,549,150	3,739,943
General revenues						
Sales taxes	12,807,658	11,641,816			12,807,658	11,641,816
Auto lieu taxes	1,294,678	1,309,913			1,294,678	1,309,913
Franchise taxes	684,455	702,454			684,455	702,454
Unrestricted state shared revenue	7,328,198	6,541,472			7,328,198	6,541,472
Investment income	130,247	125,298	160,522	108,061	290,769	233,359
Miscellaneous	624,976	79,443	252,823	739,096	877,799	818,539
Total revenues	<u>\$ 28,934,203</u>	<u>\$ 27,131,919</u>	<u>\$ 19,807,522</u>	<u>\$ 20,763,144</u>	<u>\$ 48,741,725</u>	<u>\$ 47,895,063</u>

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

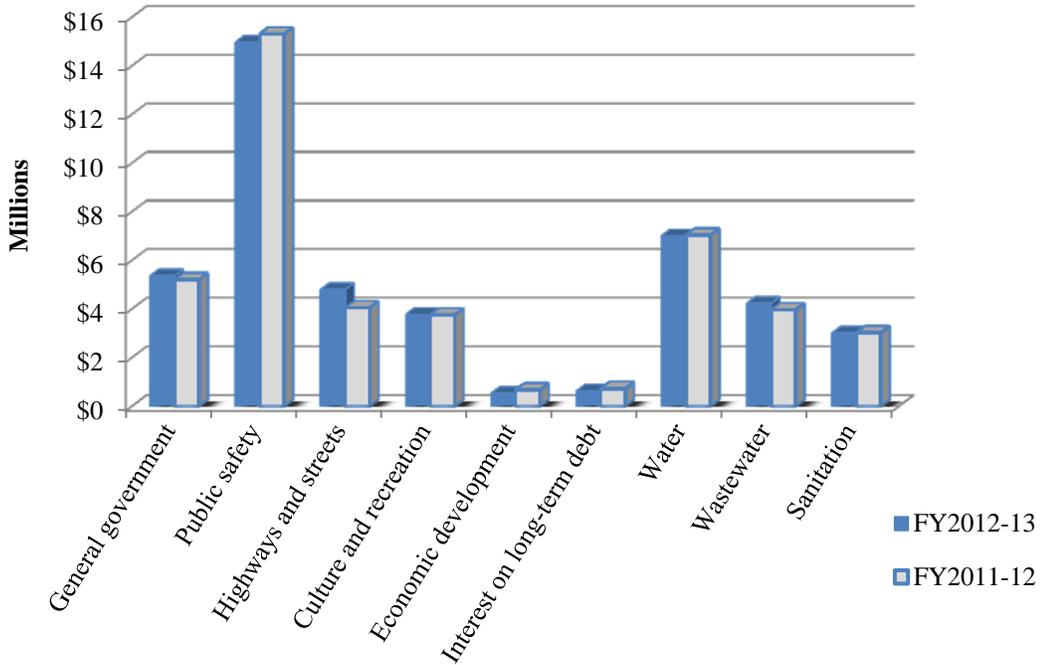
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

	2013 Governmental Activities	2012 Governmental Activities	2013 Business-Type Activities	2012 Business-Type Activities	2013 Total	2012 Total
Expenses						
General government	\$ 5,353,769	\$ 5,198,867	\$	\$	\$ 5,353,769	\$ 5,198,867
Public safety	14,962,499	15,306,386			14,962,499	15,306,386
Highways and streets	4,791,529	4,038,716			4,791,529	4,038,716
Culture and recreation	3,770,234	3,751,168			3,770,234	3,751,168
Economic development	522,579	661,862			522,579	661,862
Interest on long-term debt	616,940	714,704			616,940	714,704
Water			7,002,009	7,029,281	7,002,009	7,029,281
Wastewater			4,224,008	3,961,335	4,224,008	3,961,335
Sanitation			3,001,675	3,014,553	3,001,675	3,014,553
Total expenses	<u>30,017,550</u>	<u>29,671,703</u>	<u>14,227,692</u>	<u>14,005,169</u>	<u>44,245,242</u>	<u>43,676,872</u>
Excess before transfers	<u>(1,083,347)</u>	<u>(2,539,784)</u>	<u>5,579,830</u>	<u>6,757,975</u>	<u>4,496,483</u>	<u>4,218,191</u>
Transfers	<u>988,336</u>	<u>(468,671)</u>	<u>(988,336)</u>	<u>468,671</u>		
Changes in net position	<u>(95,011)</u>	<u>(3,008,455)</u>	<u>4,591,494</u>	<u>7,226,646</u>	<u>4,496,483</u>	<u>4,218,191</u>
Net position, beginning	<u>65,054,153</u>	<u>68,062,608</u>	<u>60,736,543</u>	<u>53,509,897</u>	<u>125,790,696</u>	<u>121,572,505</u>
Net position, ending	<u>\$ 64,959,142</u>	<u>\$ 65,054,153</u>	<u>\$ 65,328,037</u>	<u>\$ 60,736,543</u>	<u>\$ 130,287,179</u>	<u>\$ 125,790,696</u>

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)

Expenses



The following are significant current year transactions that have had an impact on the change in net position.

- Increase in charges for services for business-type activities primarily due to an increase in wastewater rates charged, as a result of continued construction to upgrade the Downtown wastewater treatment plant.
- Increase in sales taxes as a result of a full year of revenue generated from the 2 percent restaurant and bar tax, which began in January 2012.

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Concl'd)

The following table presents the cost of the nine major City functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and City's taxpayers by each of these functions.

	2013 Total Expenses	2013 Net (Expense)/ Revenue	2012 Total Expenses	2012 Net (Expense)/ Revenue
Governmental Activities				
General government	\$ 5,353,769	\$ (5,164,182)	\$ 5,198,867	\$ (4,286,022)
Public safety	14,962,499	(13,311,953)	15,306,386	(12,952,664)
Highways and streets	4,791,529	(2,616,896)	4,038,716	(2,493,526)
Culture and recreation	3,770,234	(2,471,294)	3,751,168	(2,538,547)
Economic development	522,579	227,706	661,862	45,283
Interest on long-term debt	616,940	(616,940)	714,704	(714,704)
Total expenses	<u>30,017,550</u>	<u>(23,953,559)</u>	<u>29,671,703</u>	<u>(22,940,180)</u>
Business-Type Activities				
Water	7,002,009	1,529,958	7,029,281	1,391,422
Wastewater	4,224,008	3,320,461	3,961,335	4,219,812
Sanitation	3,001,675	316,066	3,014,553	299,584
Total expenses	<u>14,227,692</u>	<u>5,166,485</u>	<u>14,005,169</u>	<u>5,910,818</u>
Total	<u>\$ 44,245,242</u>	<u>\$ (18,787,074)</u>	<u>\$ 43,676,872</u>	<u>\$ (17,029,362)</u>

- The cost of all governmental activities this year was \$30.0 million. The cost of all business-type activities this year was \$14.2 million.
- Federal, state, and county governments and charges for services subsidized certain governmental and business-type programs with grants and contributions and other local revenues of \$25.5 million.
- The net cost of governmental activities of \$24.0 million, was financed by general revenues, which are made up of primarily sales taxes of \$12.8 million and state shared revenues of \$7.3 million.

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The financial performance of the City as a whole is reflected in its governmental funds. As the City completed the year, its governmental funds reported a combined fund balance of \$16.3 million, an increase of \$1.1 million. The General Fund comprises 48 percent of the total fund balance. Approximately \$6.6 million or 85 percent of the General Fund's fund balance constitutes unassigned fund balance.

The General Fund is the principal operating fund of the City. The increase in fund balance in the General Fund for the fiscal year was \$189,857, which was the result of an increase in local tax revenue derived from 1 percent of the restaurant and bar tax allocated to the General Fund beginning July 1, 2012 combined with a reduction of expenditures in the magistrate court and fire department and an increase in the balance of tourism funds.

The Special Assessment Districts Fund's fund balance increase of \$254,340 to \$3.1 million was the result of consolidating district construction balances at the conclusion of the projects.

Proprietary funds. Net position of the Enterprise Funds and the Internal Service Funds at the end of the year amounted to \$65.3 million and \$6.1 million, respectively. The increase in net position in the Enterprise Funds of 8 percent can be attributed to the increased wastewater revenues as a result of an increase in fees charged and continued construction to upgrade the Downtown wastewater treatment plant. The decrease in net position for the Internal Service Funds was \$9,310.

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

BUDGETARY HIGHLIGHTS

The City did not revise the annual operating budget during the year.

A schedule showing the budget amounts compared to the City's actual financial activity for the General Fund is provided in this report as required supplementary information. The significant variances are summarized as follows:

- The favorable variance of \$390,402 in Culture and Recreation was attributable to keeping utility, energy and management costs below budget values.
- The favorable variance of \$611,452 in Economic Development was a result of budgeting for construction and remodeling costs of building improvements at the Powerhouse Visitor Center that were deferred to a future year pending various grant and historic building approval processes.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of the end of the current fiscal year, the City had a net investment in capital assets of \$78.9 million, which included buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$4.9 million.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2013 and June 30, 2012.

	2013	2012	2013	2012	2013	2012
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
Land	\$ 10,449,287	\$ 10,415,239	\$ 2,292,881	\$ 2,292,881	\$ 12,742,168	\$ 12,708,120
Infrastructure	63,438,064	63,438,064	82,487,716	82,410,848	145,925,780	145,848,912
Buildings	8,187,576	9,063,693	12,586,111	12,586,111	20,773,687	21,649,804
Improvements other than buildings	6,417,776	6,373,016	593,978	593,978	7,011,754	6,966,994
Vehicles, machinery and equipment	15,076,496	14,281,288	9,201,616	8,756,571	24,278,112	23,037,859
Construction in progress	2,729,787	1,495,752	18,179,435	16,180,028	20,909,222	17,675,780
Accumulated depreciation	(53,814,259)	(51,322,587)	(44,520,569)	(42,153,171)	(98,334,828)	(93,475,758)
Total	<u>\$ 52,484,727</u>	<u>\$ 53,744,465</u>	<u>\$ 80,821,168</u>	<u>\$ 80,667,246</u>	<u>\$ 133,305,895</u>	<u>\$ 134,411,711</u>

The estimated cost to complete current construction projects is \$1.8 million.

Additional information on the City's capital assets can be found in Note 5.

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)

Debt Administration. At year-end, the City had \$10.5 million in governmental long-term debt outstanding with \$1.9 million due within one year. The City had \$44.0 million in business-type long-term debt outstanding, \$2.4 million due within one year. The following table presents a summary of the City's outstanding long-term debt for the fiscal years ended June 30, 2013 and June 30, 2012.

	2013		2012	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
Excise tax bonds payable	\$ 2,810,000	\$	\$ 3,295,000	\$
Special assessment bonds payable	7,084,129		8,237,045	
Obligations under capital leases	568,144	775,833	703,024	906,399
Loan payable		43,186,134		43,574,689
Total	\$ 10,462,273	\$ 43,961,967	\$ 12,235,069	\$ 44,481,088

State statutes currently limit the amount of general obligation debt a city may issue to 20 percent of its total assessed valuation for water, sewer, lights, open space preserves parks, playgrounds and recreational facilities. The current debt limitation for the City is \$39.5 million. The City has no outstanding general obligation debt for these purposes. State statutes also currently limit the amount of general obligation debt a City may issue to 6 percent of its total assessed valuation for all other purposes. The current debt limitation for the City is \$11.9 million, which is more than the outstanding debt.

Additional information on the City's long-term debt can be found in Notes 6-9.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Many factors were considered by the City's officials during the process of developing the fiscal year 2013-14 budget. The primary factor was concern about constricting state shared revenues. Also considered in the development of the budget was the local economy. The City is expected to continue the current year .5 to 1.5 percent increase in population. Inflation of the surrounding metropolitan area is approximately the same as the national average of 1.8 percent.

These indicators were considered when adopting the budget for fiscal year 2013-14. Amounts available for appropriation in the General Fund budget are \$23.4 million, which is \$422,795 less than the amount from the prior year. The City's response to the gradually recovering local economy and continuation of conservative budget practices were the driving factors for the change in expenditures.

**CITY OF KINGMAN, ARIZONA
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2013**

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the resources it receives. If you have questions about this report or need additional information, contact the Financial Services Department, City of Kingman, 310 North Fourth Street, Kingman, Arizona 86401.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF KINGMAN, ARIZONA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 23,892,578	\$ 25,186,184	\$ 49,078,762
Restricted assets-customer deposits		373,426	373,426
Taxes receivable	1,069,111		1,069,111
Intergovernmental receivable	982,363		982,363
Special assessments receivable	5,754,582		5,754,582
Accounts receivable	57,444	2,167,242	2,224,686
Loan receivable		31,577	31,577
Inventories	49,004	226,159	275,163
Deposits		9,208	9,208
Total current assets	<u>31,805,082</u>	<u>27,993,796</u>	<u>59,798,878</u>
Noncurrent assets:			
Restricted cash and investments		2,627,348	2,627,348
Land	10,449,287	2,292,881	12,742,168
Infrastructure	63,438,064	82,487,716	145,925,780
Buildings	8,187,576	12,586,111	20,773,687
Improvements other than buildings	6,417,776	593,978	7,011,754
Vehicles, machinery, and equipment	15,076,496	9,201,616	24,278,112
Construction in progress	2,729,787	18,179,435	20,909,222
Accumulated depreciation	(53,814,259)	(44,520,569)	(98,334,828)
Total noncurrent assets	<u>52,484,727</u>	<u>83,448,516</u>	<u>135,933,243</u>
Total assets	<u>84,289,809</u>	<u>111,442,312</u>	<u>195,732,121</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	709,164	295,934	1,005,098
Construction contracts payable	462,356		462,356
Accrued payroll and employee benefits	496,138	128,029	624,167
Retainage payable	75,834		75,834
Deposits held for others	44,483	373,426	417,909
Unearned revenue	1,975,917	993,798	2,969,715
Compensated absences payable	1,510,118	361,121	1,871,239
Bonds payable	590,000		590,000
Loan payable		2,288,334	2,288,334
Obligations under capital leases	143,024	138,153	281,177
Special assessment bonds payable	1,215,279		1,215,279
Accrued interest payable	271,871		271,871
Total current liabilities	<u>7,494,184</u>	<u>4,578,795</u>	<u>12,072,979</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	11,836,483	41,535,480	53,371,963
Total noncurrent liabilities	<u>11,836,483</u>	<u>41,535,480</u>	<u>53,371,963</u>
Total liabilities	<u>19,330,667</u>	<u>46,114,275</u>	<u>65,444,942</u>
<u>NET POSITION</u>			
Net investment in capital assets	42,022,454	36,859,201	78,881,655
Restricted for:			
Debt service	8,640,498	2,627,348	11,267,846
Highways and streets	1,240,102		1,240,102
Capital projects	1,613,218		1,613,218
Grants	560,986		560,986
Unrestricted	10,881,884	25,841,488	36,723,372
Total net position	<u>\$ 64,959,142</u>	<u>\$ 65,328,037</u>	<u>\$ 130,287,179</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF KINGMAN, ARIZONA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities:					
General government	\$ 5,353,769	\$ 189,587	\$	\$	\$ (5,164,182)
Public safety	14,962,499	477,237	1,173,309		(13,311,953)
Highways and streets	4,791,529	146,128	479,355	1,549,150	(2,616,896)
Culture and recreation	3,770,234	1,298,940			(2,471,294)
Economic development	522,579	462,675	287,610		227,706
Interest on long-term debt	616,940				(616,940)
Total governmental activities	<u>30,017,550</u>	<u>2,574,567</u>	<u>1,940,274</u>	<u>1,549,150</u>	<u>(23,953,559)</u>
Business-type activities:					
Water	7,002,009	8,531,967			
Wastewater	4,224,008	7,544,469			
Sanitation	3,001,675	3,317,741			
Total business-type activities	<u>14,227,692</u>	<u>19,394,177</u>			
Total primary government	<u>\$ 44,245,242</u>	<u>\$ 21,968,744</u>	<u>\$ 1,940,274</u>	<u>\$ 1,549,150</u>	<u>(23,953,559)</u>

General revenues:

Taxes:

Sales taxes	12,807,658
Auto lieu taxes	1,294,678
Franchise taxes	684,455
Unrestricted state shared revenue	7,328,198
Investment income	130,247
Miscellaneous	624,976

Transfers

Total general revenues and transfers	<u>23,858,548</u>
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Changes in net position

(95,011)

Net position, beginning of year

65,054,153

Net position, end of year

\$ 64,959,142

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Business-type Activities	Totals
\$	\$ (5,164,182)
	(13,311,953)
	(2,616,896)
	(2,471,294)
	227,706
	(616,940)
	(23,953,559)
	1,529,958
	3,320,461
	316,066
	5,166,485
	5,166,485
	12,807,658
	1,294,678
	684,455
	7,328,198
	160,522
	290,769
	252,823
	877,799
	(988,336)
	(574,991)
	23,283,557
	4,591,494
	4,496,483
	60,736,543
	125,790,696
\$	\$ 65,328,037
	130,287,179

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FUND FINANCIAL STATEMENTS

**CITY OF KINGMAN, ARIZONA
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Special Assessment Districts</u>	<u>Non-Major Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 7,365,069	\$ 2,990,585	\$ 7,875,096
Taxes receivable	1,069,111		
Intergovernmental receivable	200,022		782,341
Special assessments receivable		5,754,582	
Accounts receivable	3,916		53,528
Inventories	49,004		
Total assets	<u><u>\$ 8,687,122</u></u>	<u><u>\$ 8,745,167</u></u>	<u><u>\$ 8,710,965</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 422,626	\$ 3,270	\$ 131,942
Construction contracts payable			462,356
Accrued payroll and employee benefits	401,507		41,154
Interest payable		210,587	61,284
Retainage payable			75,834
Deposits held for others	44,483		
Deferred revenue	30,359	5,389,787	1,945,558
Bonds payable			590,000
Total liabilities	<u><u>898,975</u></u>	<u><u>5,603,644</u></u>	<u><u>3,308,128</u></u>
Fund balances:			
Restricted		3,141,523	3,523,494
Committed	1,051,250		
Assigned	87,157		1,879,343
Unassigned	6,649,740		
Total fund balances	<u><u>7,788,147</u></u>	<u><u>3,141,523</u></u>	<u><u>5,402,837</u></u>
 Total liabilities and fund balances	 <u><u>\$ 8,687,122</u></u>	 <u><u>\$ 8,745,167</u></u>	 <u><u>\$ 8,710,965</u></u>

The notes to the basic financial statements are an integral part of this statement.

Total
Governmental
Funds

\$ 18,230,750
1,069,111
982,363
5,754,582
57,444
49,004
\$ 26,143,254

\$ 557,838
462,356
442,661
271,871
75,834
44,483
7,365,704
590,000
9,810,747

6,665,017
1,051,250
1,966,500
6,649,740
16,332,507

\$ 26,143,254

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**CITY OF KINGMAN, ARIZONA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total governmental fund balances **\$ 16,332,507**

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.

Governmental capital assets	\$ 103,998,429	
Less accumulated depreciation	<u>(52,534,193)</u>	51,464,236

Special assessments revenues are not available to pay for current period expenditures and, therefore, are deferred in the funds. 5,389,787

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences payable	(1,396,483)	
Excise tax bonds payable	(2,220,000)	
Special assessment bonds payable	(7,084,129)	
Obligations under capital leases	(309,533)	
Other post employment benefits	<u>(3,322,513)</u>	(14,332,658)

Internal service funds are used by management to charge the costs of certain activities to the individual funds. The assets and liabilities of the Internal Service Funds are included in the Statement of Net Position.

6,105,270

Net position of governmental activities **\$ 64,959,142**

The notes to the basic financial statements are an integral part of this statement.

CITY OF KINGMAN, ARIZONA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Special Assessment Districts</u>	<u>Non-Major Governmental Funds</u>
Revenues:			
Taxes	\$ 13,858,703	\$	\$ 928,088
Licenses and permits	105,838		
Intergovernmental	5,164,504		5,636,633
Charges for services	1,960,633		
Fines and forfeits	278,219		
Investment income	49,658	12,515	40,985
Special assessments	4,045	1,160,462	34,776
Miscellaneous	616,668		332,109
Total revenues	<u>22,038,268</u>	<u>1,172,977</u>	<u>6,972,591</u>
Expenditures:			
Current -			
General government	4,503,430		35,675
Public safety	13,310,301		735,340
Highways and streets			3,161,449
Culture and recreation	3,421,827		
Economic development	284,448		243,928
Capital outlay	393,014		1,938,531
Debt service -			
Principal retirement	47,836	1,152,916	633,522
Interest and fiscal charges	6,370	451,643	141,373
Total expenditures	<u>21,967,226</u>	<u>1,604,559</u>	<u>6,889,818</u>
Excess (deficiency) of revenues over expenditures	<u>71,042</u>	<u>(431,582)</u>	<u>82,773</u>
Other financing sources (uses):			
Transfers in	1,303,267	719,362	1,395,043
Transfers out	(1,184,452)	(33,440)	(1,215,444)
Proceeds from sale of capital assets			349,025
Total other financing sources (uses):	<u>118,815</u>	<u>685,922</u>	<u>528,624</u>
Changes in fund balances	<u>189,857</u>	<u>254,340</u>	<u>611,397</u>
Fund balances, beginning of year	7,598,290	2,887,183	4,791,440
Fund balances, end of year	<u>\$ 7,788,147</u>	<u>\$ 3,141,523</u>	<u>\$ 5,402,837</u>

The notes to the basic financial statements are an integral part of this statement.

Total
Governmental
Funds

\$ 14,786,791
105,838
10,801,137
1,960,633
278,219
103,158
1,199,283
948,777

30,183,836

4,539,105
14,045,641
3,161,449
3,421,827
528,376
2,331,545

1,834,274
599,386

30,461,603

(277,767)

3,417,672
(2,433,336)
349,025

1,333,361

1,055,594

15,276,913

\$ 16,332,507

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CITY OF KINGMAN, ARIZONA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Net changes in fund balances - total governmental funds **\$ 1,055,594**

Amounts reported for *governmental activities* in the Statement of Activities are different because:

Governmental funds report the portion of capital outlay for capitalized assets as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

Expenditures for capitalized assets	\$ 2,025,792	
Less current year depreciation	<u>(2,510,381)</u>	(484,589)

Some revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Special assessments	(771,667)	
Intergovernmental	<u>(509,893)</u>	(1,281,560)

Repayments of long-term debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Excise tax bond principal retirement	590,000	
Special assessment bond principal retirement	1,152,916	
Capital lease principal retirement	<u>91,358</u>	1,834,274

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Other post employment benefits	(470,222)	
Loss on disposal of capital assets	(799,106)	
Compensated absences	<u>59,908</u>	(1,209,420)

The Internal Service Funds are used by management to charge the cost of certain activities to the individual funds. The changes in net position of the Internal Service Funds are reported with governmental activities in the Statement of Activities.

(9,310)

Change in net position in governmental activities **\$ (95,011)**

**CITY OF KINGMAN, ARIZONA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013**

	Enterprise Funds		
	Water	Wastewater	Sanitation
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 17,604,061	\$ 6,367,904	\$ 1,214,219
Restricted assets-customer deposits	373,426		
Accounts receivable	1,049,614	823,532	294,096
Loan receivable		31,577	
Inventories	226,159		
Deposits	9,208		
Total current assets	<u>19,262,468</u>	<u>7,223,013</u>	<u>1,508,315</u>
Noncurrent assets:			
Restricted cash and investments		2,627,348	
Land	1,128,881	597,000	567,000
Infrastructure	37,121,710	45,366,006	
Buildings	12,463,191	122,920	
Improvements other than buildings	149,328	444,650	
Vehicles, machinery, and equipment	3,592,653	699,496	4,909,467
Construction in progress		18,179,435	
Accumulated depreciation	(30,843,426)	(9,894,660)	(3,782,483)
Total noncurrent assets	<u>23,612,337</u>	<u>58,142,195</u>	<u>1,693,984</u>
Total assets	<u>42,874,805</u>	<u>65,365,208</u>	<u>3,202,299</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	221,550	16,849	57,535
Accrued payroll and employee benefits	78,332	24,228	25,469
Deposits held for others	373,426		
Unearned revenue	709,052	284,746	
Compensated absences payable	238,943	73,059	49,119
Loan payable		2,288,334	
Obligations under capital leases	46,051	46,051	46,051
Total current liabilities	<u>1,667,354</u>	<u>2,733,267</u>	<u>178,174</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	212,560	41,110,360	212,560
Total noncurrent liabilities	<u>212,560</u>	<u>41,110,360</u>	<u>212,560</u>
Total liabilities	<u>1,879,914</u>	<u>43,843,627</u>	<u>390,734</u>
<u>NET POSITION</u>			
Net investment in capital assets	23,353,726	12,070,102	1,435,373
Restricted for:			
Debt service		2,627,348	
Unrestricted	17,641,165	6,824,131	1,376,192
Total net position	<u>\$ 40,994,891</u>	<u>\$ 21,521,581</u>	<u>\$ 2,811,565</u>

The notes to the basic financial statements are an integral part of this statement.

<u>Enterprise Funds</u>	<u>Governmental Activities: Internal Service Funds</u>
<u>Totals</u>	
\$ 25,186,184	\$ 5,661,828
373,426	
2,167,242	
31,577	
226,159	
9,208	
<u>27,993,796</u>	<u>5,661,828</u>
2,627,348	
2,292,881	567,000
82,487,716	
12,586,111	576,100
593,978	88,720
9,201,616	996,538
18,179,435	72,199
(44,520,569)	(1,280,066)
<u>83,448,516</u>	<u>1,020,491</u>
<u>111,442,312</u>	<u>6,682,319</u>
295,934	151,326
128,029	53,477
373,426	
993,798	
361,121	113,635
2,288,334	
138,153	46,051
<u>4,578,795</u>	<u>364,489</u>
<u>41,535,480</u>	<u>212,560</u>
<u>41,535,480</u>	<u>212,560</u>
<u>46,114,275</u>	<u>577,049</u>
36,859,201	761,880
2,627,348	
25,841,488	5,343,390
<u>\$ 65,328,037</u>	<u>\$ 6,105,270</u>

CITY OF KINGMAN, ARIZONA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds		
	Water	Wastewater	Sanitation
Operating revenues:			
Charges for services	\$ 8,531,967	\$ 7,544,469	\$ 3,317,741
Contributions			
Miscellaneous			
Total operating revenues	<u>8,531,967</u>	<u>7,544,469</u>	<u>3,317,741</u>
Operating expenses:			
Costs of sales and services	5,912,531	1,709,511	2,642,751
Depreciation	1,071,924	954,104	341,370
Claims			
Premiums			
Total operating expenses	<u>6,984,455</u>	<u>2,663,615</u>	<u>2,984,121</u>
Operating income (loss)	<u>1,547,512</u>	<u>4,880,854</u>	<u>333,620</u>
Nonoperating revenues (expenses):			
Investment income	93,971	59,936	6,615
Miscellaneous	219,696	10,435	22,692
Interest expense	(17,554)	(1,560,393)	(17,554)
Total nonoperating revenues (expenses)	<u>296,113</u>	<u>(1,490,022)</u>	<u>11,753</u>
Income (loss) before transfers	<u>1,843,625</u>	<u>3,390,832</u>	<u>345,373</u>
Transfers in	927,340		
Transfers out	(771,326)	(891,854)	(252,496)
Changes in net position	<u>1,999,639</u>	<u>2,498,978</u>	<u>92,877</u>
Total net position, beginning of year	38,995,252	19,022,603	2,718,688
Total net position, end of year	<u>\$ 40,994,891</u>	<u>\$ 21,521,581</u>	<u>\$ 2,811,565</u>

The notes to the basic financial statements are an integral part of this statement.

<u>Enterprise Funds</u>	
<u>Totals</u>	<u>Governmental Activities: Internal Service Funds</u>
\$ 19,394,177	\$ 4,465,374
	3,978,974
	145,990
<u>19,394,177</u>	<u>8,590,338</u>
10,264,793	4,107,140
2,367,398	58,302
	441,432
	4,011,147
<u>12,632,191</u>	<u>8,618,021</u>
<u>6,761,986</u>	<u>(27,683)</u>
160,522	27,089
252,823	4,838
<u>(1,595,501)</u>	<u>(17,554)</u>
<u>(1,182,156)</u>	<u>14,373</u>
<u>5,579,830</u>	<u>(13,310)</u>
927,340	206,000
<u>(1,915,676)</u>	<u>(202,000)</u>
<u>4,591,494</u>	<u>(9,310)</u>
60,736,543	6,114,580
<u>\$ 65,328,037</u>	<u>\$ 6,105,270</u>

CITY OF KINGMAN, ARIZONA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	<u>Enterprise Funds</u>				Governmental Activities: Internal Service Funds
	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Total</u>	
<u>Increase (Decrease) in Cash and Cash Equivalents</u>					
Cash flows from operating activities:					
Cash received from customers	\$ 8,547,564	\$ 7,362,169	\$ 3,302,822	\$ 19,212,555	\$ 4,611,278
Cash received from contributions					3,978,974
Cash payments to employees for services	(2,045,787)	(634,513)	(673,168)	(3,353,468)	(1,408,161)
Cash payments to suppliers for goods/services	(3,857,155)	(2,430,928)	(1,987,178)	(8,275,261)	(6,676,994)
Cash payments for claims					(845,231)
Other receipts	65,730	10,435	22,692	98,857	4,924
Net cash provided by (used for) operating activities	<u>2,710,352</u>	<u>4,307,163</u>	<u>665,168</u>	<u>7,682,683</u>	<u>(335,210)</u>
Cash flows from non-capital financing activities:					
Transfers in	927,340			927,340	206,000
Transfers out	(771,326)	(891,854)	(252,496)	(1,915,676)	(202,000)
Net cash provided by (used for) non-capital financing activities	<u>156,014</u>	<u>(891,854)</u>	<u>(252,496)</u>	<u>(988,336)</u>	<u>4,000</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	(125,775)	(1,797,836)	(314,288)	(2,237,899)	(82,259)
Loan proceeds		3,239,583		3,239,583	
Principal paid on debt	(43,522)	(2,198,274)	(43,522)	(2,285,318)	(43,522)
Interest paid on debt	(17,554)	(1,560,393)	(17,554)	(1,595,501)	(17,554)
Proceeds from sale of previously transferred assets	153,966			153,966	
Net cash used for capital and related financing activities	<u>(32,885)</u>	<u>(2,316,920)</u>	<u>(375,364)</u>	<u>(2,725,169)</u>	<u>(143,335)</u>
Cash flows from investing activities:					
Investment income	93,971	59,936	6,615	160,522	27,089
Net cash provided by investing activities	<u>93,971</u>	<u>59,936</u>	<u>6,615</u>	<u>160,522</u>	<u>27,089</u>
Net increase (decrease) in cash and cash equivalents	<u>2,927,452</u>	<u>1,158,325</u>	<u>43,923</u>	<u>4,129,700</u>	<u>(447,456)</u>
Cash and cash equivalents, beginning of year	<u>15,050,035</u>	<u>7,836,927</u>	<u>1,170,296</u>	<u>24,057,258</u>	<u>6,109,284</u>
Cash and cash equivalents, end of year	<u>\$ 17,977,487</u>	<u>\$ 8,995,252</u>	<u>\$ 1,214,219</u>	<u>\$ 28,186,958</u>	<u>\$ 5,661,828</u>
<u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u>					
Cash	\$ 9,479,516	\$ 2,302,494	\$ 665,452	\$ 12,447,462	\$ 3,102,162
Investments	8,124,545	4,065,410	548,767	12,738,722	2,559,666
Restricted cash and investments	373,426	2,627,348		3,000,774	
Total cash and cash equivalents	<u>\$ 17,977,487</u>	<u>\$ 8,995,252</u>	<u>\$ 1,214,219</u>	<u>\$ 28,186,958</u>	<u>\$ 5,661,828</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>					
Operating income (loss)	\$ 1,547,512	\$ 4,880,854	\$ 333,620	\$ 6,761,986	\$ (27,683)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	1,071,924	954,104	341,370	2,367,398	58,302
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	75,694	(171,865)	(14,919)	(111,090)	12,052
Increase in inventory	(34,784)			(34,784)	
Increase (decrease) in compensated absences payable	(7,656)	3,800	(10,514)	(14,370)	1,232
Decrease in deposits held for others	5,633			5,633	
Increase in accrued payroll and employee benefits	875	2,681	597	4,153	1,936
Increase (decrease) in accounts payable	51,154	(1,362,411)	15,014	(1,296,243)	(381,049)
Total adjustments	<u>1,162,840</u>	<u>(573,691)</u>	<u>331,548</u>	<u>920,697</u>	<u>(307,527)</u>
Net cash provided by (used for) operating activities	<u>\$ 2,710,352</u>	<u>\$ 4,307,163</u>	<u>\$ 665,168</u>	<u>\$ 7,682,683</u>	<u>\$ (335,210)</u>

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Kingman, Arizona (City) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

During the year ended June 30, 2013, the City implemented the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 establishes reporting guidance for certain elements of the financial statements which are distinct from assets and liabilities.

The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City is a municipal entity governed by an elected Mayor and council. The financial reporting entity consists of a primary government and its component units. A component unit is a legally separate entity that must be included in the reporting entity in conformity with generally accepted accounting principles. The City is a primary government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Furthermore, the component unit combined with the City for financial statement presentation purposes and the City are not included in any other governmental reporting entity. Consequently, the City's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable.

Blended Component Unit – The Kingman Municipal Property Corporation, (KMPC) board of directors consists of seven members, which are appointed by the Kingman City Council. The KMPC is a nonprofit corporation incorporated under the laws of the State of Arizona and was formed for the sole purpose of financing the acquisition and construction of various projects of the City. It has a June 30 year-end and is reported as a governmental fund. Separate financial statements for the component unit have not been prepared.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information about the City as a whole. The reported information includes all of the nonfiduciary activities of the City. For the most part, the effect of internal activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from 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 is 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. Taxes, unrestricted state shared revenues, investment income and other items not 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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. As a general rule, the effect of internal activity has been eliminated from the government-wide financial statements; however, the effects of interfund services provided and used between functions are reported as expenses and program revenues at amounts approximating their external exchange value.

Fund Financial Statements – 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 resources are provided during the current year for payment of long-term debt principal and interest due early in the following year (not to exceed one month) and therefore the expenditures and related liabilities have been recognized. Compensated absences are recorded only when payment is due.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Sales taxes, franchise taxes, licenses and permits, charges for services, special assessments and investment income associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Miscellaneous revenue is not susceptible to accrual because generally they are not measurable until received in cash. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. Deferred revenues arise when resources are received by the City before it has legal claim to them, as when grant monies are received prior to meeting all eligibility requirements imposed by the provider.

Delinquent taxes and other receivables that will not be collected within the available period have been reported as deferred revenue on the governmental fund financial statements.

The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

The City reports the following major governmental funds.

General Fund – The General Fund is the City's primary operating fund. This fund accounts for all financial resources of the City, except those required to be accounted for in other funds. The General Fund includes the City's Improvement District Bond Repayment and Powerhouse Funds. These funds are maintained as separate funds for accounting and budgetary purposes but do not meet the criteria for separate reporting in the financial statements.

Special Assessment Districts Fund – This fund accounts for the special assessments and debt service for the City's improvement districts.

The City reports the following major proprietary funds.

Water Fund – This fund accounts for the City's water utility operations.

Wastewater Fund – This fund accounts for the City's wastewater utility operations.

Sanitation Fund – This fund accounts for the City's sanitation utility operations.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Additionally, the City reports the following fund type:

Internal Service Funds – Internal Service Funds are established to account for financing of goods and services provided by one department or agency to other departments or agencies for the City on a cost reimbursement basis. The Internal Service Funds consist of a 911 Dispatch Center Fund, a Fleet Services Fund, an Insurance Services Fund, a Building Maintenance Services Fund, an Information Systems Fund and an Employee Benefit Trust Fund.

The Proprietary Fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting.

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 City's enterprise funds are charges to customers for water, wastewater and sanitation services.

The principal operating revenues of the City's internal service funds are charges to employees for health benefits and charges to user departments for 911 dispatch services, fleet services, maintenance services, and information system services. Operating expenses for these funds include the cost of sales and services, administrative expenses and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Investments

For purposes of the Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at year end were cash on hand, cash in bank and cash and investments held by State Treasurer.

Nonparticipating interest-earning investment contracts are stated at cost. Money market investments and participating interest investment contracts with a remaining maturity of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Investment Income

Investment income is composed of interest, dividends, and net changes in the fair value of applicable investments.

F. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Interfund balances between governmental funds are eliminated on the Statement of Net Position.

All receivables are shown net of an allowance for uncollectibles.

G. Property Tax Calendar

The City does not currently levy property taxes. However, if implemented, property taxes are levied by the City and collected by the Mohave County Treasurer. Property taxes are levied no later than the third Monday in August and are payable in two installments due October 1 of the current year and March 1 of the subsequent year. Taxes become delinquent after the first business day of November and May, respectively. Interest attaches on installments after the delinquency date.

Pursuant to A.R.S. a lien against assessed real and personal property attaches on the first day of January preceding assessment and levy; however according to case law, an enforceable legal claim to the asset does not arise.

The State Constitution and State law specify a property tax levy limitation system. The system consists of two levies, a limited levy known as the primary property tax levy and an unlimited levy referred to as the secondary levy, which may only be used to retire bonded indebtedness.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The primary tax levy is limited to an increase of 2 percent over the previous year's maximum allowable primary levy, plus an increased dollar amount because of a net gain in property not taxed the previous year. Also, the primary property tax from all taxing jurisdictions for homeowners may not exceed 1 percent of the market value of their homes. If the combined primary property tax (for the City, County, School City, etc.) exceeds 1 percent of the market value of the homes, the school districts will reduce their rate until the homeowners' aggregate rate is equal to or less than the allowable 1 percent. The State will then subsidize the school districts for the reduced revenue. This 1 percent limitation applies to primary property taxes only and does not affect the secondary property tax levy.

There is also a control on the assessed value of property for primary tax purposes. The base year for the new tax system is fiscal year 1978-79. From this base year, two assessed values evolve. The primary assessed values are allowed to increase by no more than 10 percent a year. The dollar amount of the secondary property tax levy is "unlimited" and the actual full cash value of property is used in determining the tax rate.

H. Inventory

Inventories are stated at average cost using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories are recorded as expenses when consumed in the government-wide and proprietary fund financial statements, and as expenditures when consumed in the governmental funds.

I. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaid items are recorded as expenditures when purchased on the fund financial statements and are expenses when consumed in the government-wide financial statements.

J. Restricted Assets

Certain proceeds of the City's Water Infrastructure Finance Authority (WIFA) Loans, as well as certain resources set aside for their repayment, are classified as restricted cash and investments on the statement of net position because their use is limited by applicable loan covenants. In addition, customer deposits for utility services are classified as restricted assets because their use is limited to the repayment to those customers.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, vehicles, machinery, 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, except land, are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than one year. All land is capitalized, regardless of cost. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	15-50
Buildings	45
Improvements other than buildings	20
Vehicles, machinery and equipment	5-15

L. Compensated Absences

The City's employee vacation and sick leave policies generally provide for granting vacation and sick leave with pay in varying amounts. Only benefits considered vested are recognized in the financial statements. The liability for vacation and sick leave is reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations and retirements. Generally, resources from the General Fund are used to pay for governmental activities compensated absences.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concl'd)

M. 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 on the statement of net position. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using the straight-line method 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 current period. 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.

N. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund statements are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

O. Net Position Flow Assumption

In the government-wide and proprietary fund financial statements the City applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted amounts are available.

P. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – FUND BALANCE CLASSIFICATIONS

Fund balances of the governmental funds are reported separately within classifications based on a hierarchy of the constraints placed on the use of those resources. The classifications are based on the relative strength of the constraints that control how the specific amounts can be spent. The classifications are nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

Nonspendable. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

Restricted. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Committed. The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned. 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 restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by Management. The City Council delegated the authority to assign fund balance to the City Manager, Financial Services Director or his/her/their designee to be used for specific purposes.

Unassigned. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had be restricted, committed, or assigned.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 2 – FUND BALANCE CLASSIFICATIONS (Concl'd)

The City applies restricted resources first when outlays are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The table below provides detail of the major components of the City's fund balance classifications at year end.

	General Fund	Special Assessment Districts Fund	Non-Major Governmental Funds
Fund Balances:			
Restricted:			
Debt service	\$	\$ 3,141,523	\$ 109,188
Flood control			1,613,218
Grants			560,986
Streets			1,240,102
Committed:			
Tourism	1,051,250		
Assigned:			
Debt service	87,157		
Capital projects			1,686,134
Operation of KART			193,209
Unassigned	6,649,740		
Total fund balances	\$ 7,788,147	\$ 3,141,523	\$ 5,402,837

The City Council approved that a minimum unassigned fund balance in the General Fund will be maintained ranging from 25% to 50% of the budgeted expenditures and outgoing transfers. This minimum fund balance is to protect against cash flow shortfalls related to the timing of projected revenue receipts and to maintain budget stabilization commitments. If fund balance falls below the minimum 25% range, the City will replenish the shortages/deficiencies using the budget strategies and timeframes outlined in the City Council policy.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – CASH AND INVESTMENTS

A.R.S. authorize the City to invest public monies in the State Treasurer’s local government investment pools, the County Treasurer’s investment pool, obligations of the U.S. Government and its agencies, obligations of the State and certain local government subdivisions, interest-bearing savings accounts and certificates of deposit, collateralized repurchase agreements, certain obligations of U.S. corporations, and certain other securities. The statutes do not include any requirements for credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk for the City’s investments.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of bank failure the City’s deposits may not be returned to the City. The City does not have a deposit policy for custodial credit risk. As of year end, the carrying amount of the City’s deposits was \$8,022,866 and the bank balance was \$1,321,521. At year end, \$283,516 of the City’s deposits was covered by collateral held by the pledging financial institution in the City’s name, and \$170,250 was uninsured and uncollateralized. The City had \$8,500 of petty cash on hand at year end.

The State Treasurer’s pools are external investment pools, the Local Government Investment Pool (Pool 5) and Local Government Investment Pool-Government (Pool 7), with no regulatory oversight. The pools are not required to register (and are not registered) with the Securities and Exchange Commission. The activity and performance of the pools are reviewed monthly by the State Board of Investment. The fair value of each participant’s position in the State Treasurer investment pools approximates the value of the participant’s shares in the pool and the participants’ shares are not identified with specific investments.

At year end, the City’s investments consisted of the following.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>
U.S. government bonds	\$ 22,866,288	<u>1-5</u> \$ 22,866,288
State Treasurer’s investment pool 7	21,181,882	15 days average maturities
Total	<u>\$ 44,048,170</u>	

At year end, \$3,000,774 of the City’s pooled cash is restricted for the repayment of wastewater loans and for customer deposits.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3 – CASH AND INVESTMENTS (Concl'd)

Interest Rate Risk. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The City has no investment policy that would further limit its investment choices. Investments in the State Treasurer’s Investment Pool 7 are securities backed by the U.S. Government AA+ weighted average rating.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City would not be able to recover the value of its investments. The City’s investment in the State Treasurer’s investment pools represents a proportionate interest in the pool’s portfolio; however the City’s portion is not identified with specific investments and is not subject to custodial credit risk.

Concentration of Credit Risk. The City places no limit on the amount the City may invest in any one issuer. More than 5% of the City’s investments are in the Federal Home Loan Bank, the Federal Farm Credit Banks and the Federal National Mortgage Association. These investments are 14%, 5% and 33% of the City’s total investments, respectively.

NOTE 4 – RECEIVABLES

Receivable balances, net of allowance for uncollectibles, have been disaggregated by type and presented separately in the financial statements with the exception of intergovernmental receivables. Intergovernmental receivables, net of allowance for uncollectibles, as of year end for the City’s individual major funds and non-major governmental funds in the aggregate, are as follows.

	General Fund	Non-Major Governmental Funds
Intergovernmental receivables:		
Due from Federal government	\$	\$ 488,797
Due from State government	200,022	211,343
Due from County government		82,201
Total	\$ 200,022	\$ 782,341

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 4 – RECEIVABLES (Concl'd)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows.

	<u>Unavailable</u>	<u>Unearned</u>
Miscellaneous (General Fund)	\$	\$ 30,359
Development investment fees (Non-Major Governmental Funds)		1,836,933
Miscellaneous (Non-Major Governmental Funds)		108,625
Special assessments (Special Assessment Districts)	<u>5,389,787</u>	
Total deferred revenue for governmental funds	<u>\$ 5,389,787</u>	<u>\$ 1,975,917</u>

NOTE 5 – CAPITAL ASSETS

A summary of capital asset activity at year end is as follows.

Governmental Activities	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 10,415,239	\$ 34,048	\$	\$ 10,449,287
Construction in progress	<u>1,495,752</u>	<u>1,234,035</u>		<u>2,729,787</u>
Total capital assets, not being depreciated	<u>11,910,991</u>	<u>1,268,083</u>		<u>13,179,074</u>
Capital assets, being depreciated:				
Infrastructure	63,438,064			63,438,064
Buildings	9,063,693		876,117	8,187,576
Improvements other than buildings	6,373,016	44,760		6,417,776
Vehicles, machinery and equipment	<u>14,281,288</u>	<u>795,208</u>		<u>15,076,496</u>
Total capital assets being depreciated	<u>93,156,061</u>	<u>839,968</u>	<u>876,117</u>	<u>93,119,912</u>
Less accumulated depreciation for:				
Infrastructure	(31,458,487)	(1,490,290)		(32,948,777)
Buildings	(3,878,553)	(179,496)	(77,011)	(3,981,038)
Improvements other than buildings	(4,072,248)	(179,190)		(4,251,438)
Vehicles, machinery and equipment	<u>(11,913,299)</u>	<u>(719,707)</u>		<u>(12,633,006)</u>
Total accumulated depreciation	<u>(51,322,587)</u>	<u>(2,568,683)</u>	<u>(77,011)</u>	<u>(53,814,259)</u>
Total capital assets, being depreciated, net	<u>41,833,474</u>	<u>(1,728,715)</u>	<u>799,106</u>	<u>39,305,653</u>
Governmental activities capital assets, net	<u>\$ 53,744,465</u>	<u>\$ (460,632)</u>	<u>\$ 799,106</u>	<u>\$ 52,484,727</u>

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 5 – CAPITAL ASSETS (Concl'd)

Business-Type Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,292,881	\$	\$	\$ 2,292,881
Construction in progress	16,180,028	2,076,275	76,868	18,179,435
Total capital assets, not being depreciated	18,472,909	2,076,275	76,868	20,472,316
Capital assets, being depreciated:				
Infrastructure	82,410,848	76,868		82,487,716
Buildings	12,586,111			12,586,111
Improvements other than buildings	593,978			593,978
Vehicles, machinery and equipment	8,756,571	445,045		9,201,616
Total capital assets being depreciated	104,347,508	521,913		104,869,421
Less accumulated depreciation for:				
Infrastructure	(31,262,707)	(1,625,333)		(32,888,040)
Buildings	(3,681,684)	(267,850)		(3,949,534)
Improvements other than buildings	(454,999)	(11,596)		(466,595)
Vehicles, machinery and equipment	(6,753,781)	(462,619)		(7,216,400)
Total accumulated depreciation	(42,153,171)	(2,367,398)		(44,520,569)
Total capital assets, being depreciated, net	62,194,337	(1,845,485)		60,348,852
Business-type activities capital assets, net	<u>\$ 80,667,246</u>	<u>\$ 230,790</u>	<u>\$ 76,868</u>	<u>\$ 80,821,168</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 224,289
Public safety	495,310
Highways and streets	1,626,442
Culture and recreation	219,289
Economic development	3,353
Total depreciation expense	<u>2,568,683</u>
Business-type activities:	
Water	1,071,924
Wastewater	954,104
Sanitation	341,370
Total depreciation expense	<u>\$ 2,367,398</u>

Construction Commitments – At year end, the City had contractual commitments related to various capital projects. During the year, the City spent \$3.3 million on the projects and had estimated remaining contractual commitments of \$1.8 million.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6 – OBLIGATIONS UNDER CAPITAL LEASES

The City has acquired land and vehicles under the provisions of long-term lease agreements classified as capital leases. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. Revenues from the General Fund, HURF Fund, both governmental funds, and Fleet Services Fund, an internal service fund, pay for the governmental activities lease obligations. Water, Wastewater and Sanitation Funds are used to pay the business-type activities capital lease obligation.

The future minimum lease obligations and the net present value of these minimum lease payments as of year end were as follows.

Year Ending June 30:	Governmental Activities	Business-type Activities
2014	\$ 176,358	\$ 183,228
2015	122,152	183,229
2016	122,152	183,229
2017	122,152	183,229
2018	<u>122,155</u>	<u>183,230</u>
Total minimum lease payments	<u>664,969</u>	<u>916,145</u>
Less: amount representing interest	<u>96,825</u>	<u>140,312</u>
Present value of minimum lease payments	<u>568,144</u>	<u>775,833</u>
Due within one year	<u>\$ 143,024</u>	<u>\$ 138,153</u>

The assets acquired through capital leases that meet the City’s capitalization threshold are as follows.

Asset:	Governmental Activities	Business-type Activities
Land	\$ 1,134,000	\$ 1,701,000
Vehicles, furniture and equipment	197,900	
Less: Accumulated depreciation	<u>82,460</u>	
Total	<u>\$ 1,249,440</u>	<u>\$ 1,701,000</u>

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 7 – LOANS PAYABLE

Business-type activities loans payable consists of two loans from the Water Infrastructure Finance Authority (WIFA), the proceeds of which were used to upgrade and expand the Hilltop Wastewater Treatment Plant and for the design and construction of the Downtown Wastewater Treatment Plant. The loans are to be repaid in annual principal payments, plus semiannual interest payments, and a semiannual servicing fee.

Description	Original Amount Issued to Date	Interest Rate (Including Fees)	Remaining Maturities	Outstanding Principal June 30, 2013	Due Within One Year
Business-type activities:					
Water Infrastructure Finance Authority Loan 910114-09	\$ 33,783,632	3.6%	7/1/13-28	\$ 29,438,842	\$ 1,574,093
Water Infrastructure Finance Authority Loan 910149-11	16,498,861	3.185%	7/1/13-30	13,747,292	714,241
Total				<u>\$ 43,186,134</u>	<u>\$ 2,288,334</u>

Annual debt service requirements to maturity on the business-type activities loan payable at year end are summarized as follows.

Year ending June 30,	Principal	Interest & Fees	Total
2014	\$ 2,288,334	\$ 1,604,400	\$ 3,892,734
2015	2,367,750	1,524,984	3,892,734
2016	2,449,930	1,442,804	3,892,734
2017	2,534,972	1,357,762	3,892,734
2018	2,622,974	1,269,760	3,892,734
2019-23	14,545,990	4,917,682	19,463,672
2024-28	16,094,596	2,209,549	18,304,145
2029-30	281,588	111,544	393,132
Total	<u>\$ 43,186,134</u>	<u>\$ 14,438,485</u>	<u>\$ 57,624,619</u>

As of year end, the City has drawn down \$33.8 million of loan 910144-09, which represents the entire amount that will be drawn down and has drawn down \$16.5 million of loan 910149-11, which represents the entire amount that will be drawn down. Loan 910149-11 contains a forgivable principal component amounting to \$2,061,111, therefore, of the \$16.5 million drawn down, the City is only required to repay \$14.4 million.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 – BONDS PAYABLE

Bonds payable at year end, consisted of the following excise tax revenue and special assessment bonds. The bonds are both callable and noncallable with the interest payable semiannually. Excise tax revenues from the General Fund are used to pay excise tax revenue bonds. Special assessments imposed on certain parcels of land within the assessment district are used to pay the Special Assessment District bonds.

Purpose	Original Amount Issued	Interest Rates	Remaining Maturities	Outstanding Principal June 30, 2013	Due Within One Year
Governmental activities:					
Excise Tax Revenue Obligations, Series 2005	\$ 2,850,000	3.5-4.25%	7/1/13-20	\$ 1,800,000	\$ 195,000
Municipal Property Corporation; Excise Tax Revenue Refunding Bonds Series 1997	4,455,000	5.0%	7/1/13-14	1,010,000	395,000
Wallapai Marlene East Golden Gate Improvement District	114,707	5.25%	1/1/13-21	70,129	7,279
Kingman Airway Avenue Railroad Crossing Improvement District	3,580,000	4.5%	1/1/13-17	1,384,000	318,000
Kingman Airport/Banks Airport Addition	6,325,000	4.875%	1/1/13-16	2,230,000	705,000
	3,880,000	7.25%	1/1/13-25	3,400,000	185,000
Total				<u>\$ 9,894,129</u>	<u>\$ 1,805,279</u>

Annual debt service requirements to maturity on governmental bonds payable at year end are summarized as follows.

Year ending June 30:	Principal	Interest	Total
2014	\$ 1,805,279	\$ 530,455	\$ 2,335,734
2015	2,108,661	435,604	2,544,265
2016	1,563,063	346,235	1,909,298
2017	833,486	267,974	1,101,460
2018	483,932	224,416	708,348
2019-23	2,309,708	687,027	2,996,735
2024-25	790,000	87,000	877,000
Total	<u>\$ 9,894,129</u>	<u>\$ 2,578,711</u>	<u>\$ 12,472,840</u>

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 8 – BONDS PAYABLE (Concl'd)

Pledged Revenues

The City has pledged certain future revenues to repay specific debts as follows.

The City has pledged future excise tax revenues to repay \$7.3 million in Excise Tax Revenue Bonds issued in 1997 and 2005. The various bonds were issued for the construction of certain street improvements and for the funding for the Kingman Municipal Golf Course Projects. Debt covenants related to the 2005 Series require available receipts for the fiscal year to be 2.5 times the annual debt service requirement. Debt covenants for the 1997 Series require available receipts for the fiscal year to be three times the annual debt service requirement. At year end, \$2.2 million in bonds remain outstanding to be repaid by future excise tax revenues. At year end, the revenues available for service of this debt were \$20.3 million. The debt principal and interest paid on this debt during fiscal year 2013 was \$713,819 (4% of available pledged revenues).

In addition, the City has pledged future wastewater utility revenues to repay \$43.2 million in Water Infrastructure Financing Authority loans. The loans were issued for the upgrade and expansion of the Hilltop Wastewater Treatment Plant and for the design and construction of the Downtown Wastewater Treatment Plant. Loan covenants require the City to maintain 1.2 times coverage of net revenues to current year debt service payments. At year end, \$43.2 million remains outstanding to be repaid by future wastewater revenues. For the fiscal year ended June 30, 2013, the revenues available for service of this debt were \$5.9 million. The debt principal and interest and fees paid on this debt during fiscal year 2013 was \$2,154,752 and \$1,542,839, respectively (63% of available pledged revenues).

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the current fiscal year was as follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable	\$ 3,295,000	\$	\$ 485,000	\$ 2,810,000	\$ 590,000
Special assessment bonds payable	8,237,045		1,152,916	7,084,129	1,215,279
Obligations under capital leases	703,024		134,880	568,144	143,024
Compensated absences payable	1,568,794	1,363,938	1,422,614	1,510,118	1,510,118
Other post employment benefits	2,852,291	579,099	108,877	3,322,513	
Governmental activity long-term liabilities	<u>\$ 16,656,154</u>	<u>\$ 1,943,037</u>	<u>\$ 3,304,287</u>	<u>\$ 15,294,904</u>	<u>\$ 3,458,421</u>

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 9 – CHANGES IN LONG-TERM LIABILITIES (Concl'd)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Obligations under capital leases	\$ 906,399	\$	\$ 130,566	\$ 775,833	\$ 138,153
Loan payable	43,574,689	1,766,197	2,154,752	43,186,134	2,288,334
Compensated absences payable	375,491	373,549	387,919	361,121	361,121
Governmental activity long-term liabilities	<u>\$ 44,856,579</u>	<u>\$ 2,139,746</u>	<u>\$ 2,673,237</u>	<u>\$ 44,323,088</u>	<u>\$ 2,787,608</u>

NOTE 10 – INTERFUND TRANSFERS

At year end, interfund transfers were as follows.

Interfund transfers:

	Transfers in				Total
	General Fund	Special Assessments Districts Fund	Non-Major Governmental and Other Funds	Water Fund	
Transfers out					
General Fund	\$	\$	\$ 1,184,452	\$	\$1,184,452
Special Assessment Districts Fund	33,440				33,440
Non-Major and Other Governmental Funds	476,283	719,362	23,083	198,716	1,417,444
Water Fund	472,158		299,168		771,326
Wastewater Fund	126,174		37,056	728,624	891,854
Sanitation Fund	195,212		57,284		252,496
Total	<u>\$1,303,267</u>	<u>\$ 719,362</u>	<u>\$ 1,601,043</u>	<u>\$ 927,340</u>	<u>\$4,551,012</u>

Interfund transfers were made by the City during the fiscal year to ensure that sufficient resources were available to cover expenditures in the applicable funds and to close out inactive funds to the Special Assessment Districts Fund.

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – CONTINGENT LIABILITIES

Federal and State Grants and Loans - The City has received a number of grants and loans from both the Federal and State governments. Although some of the programs have been audited, not all audits have been approved as of year end; however, the City expects no material disallowance of expenditures.

Lawsuits – The City is a party to a number of various types of lawsuits, many of which normally occur in governmental operations. The ultimate outcome of the actions is not determinable, however, City management believes that the outcome of these proceedings, either individually or in the aggregate, will not have a materially adverse effect on the accompanying financial statements.

NOTE 12 – 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; injuries to employees; and natural disasters. The City joined the Arizona Municipal Risk Pool (Pool) as an alternative to escalating general liability insurance costs. The Pool is made up of various towns and cities within Arizona that operates a common risk management and insurance program.

The agreement provides that the Pool will be self-sustaining through member premiums. The City pays an annual premium to the Pool for its general insurance coverage. If the Pool becomes insolvent or is otherwise unable to discharge its legal obligations, the City (and all other participants) may be assessed an additional contribution based on the City's current year's contribution divided by the current year's contributions of all participants times the deficiency. The assessment may not exceed the original contribution to the Pool for the year in which the assessment is made.

At the end of the tenth year of the Pool's existence and each year thereafter, any surplus fund in the Pool shall be distributed among the then existing participants in the Pool who were participating during the previous ten years. The allocation shall be based on the proportion of contributions made by each participant.

The City was unable to obtain worker's compensation insurance at a cost considered to be economically justifiable. Therefore the City joined the Arizona Municipal Workers' Compensation Pool (AMWCP), a public entity risk pool. The City is responsible for paying a premium, based on an experience rating formula that allocates pool expenditures and liabilities among members.

**CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 12 – RISK MANAGEMENT (Concl'd)

In fiscal year 2003-04, the City became self-funded for its uninsured risks of loss related to health, dental and vision claims. Beginning July 1, 2012, the City joined the Northwest Arizona Employee Benefit Trust (NAEBT). Current year activity in the Benefits Reserve Fund, an Internal Service Fund, consists of residual claim payments from the self-funded plan, premium payments to NAEBT, as well as other miscellaneous insurance related activities. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The City joined NAEBT with two other cities in Arizona for risks of loss related to employee health, dental and vision claims. NAEBT is a public entity risk pool currently operating as a common risk management and insurance program. The City pays monthly premiums to NAEBT for its employee health, dental and vision coverage. The agreement provides that NAEBT will be self-sustaining through members' premiums.

Changes in the balances of claims liability during the past two years are as follows.

	Claims Payable Beginning of Year	Current Year Claims and Changes in Estimates	Claim Payments	Claims Payable at End of Year
Employee Benefit Trust				
2012-13	\$ 414,588	\$ 441,432	\$ 856,020	\$ -0-
2011-12	659,200	4,991,546	5,236,158	414,588

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS

The City contributes to the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS).

Plan Descriptions - The two plans are described below.

Arizona State Retirement System - The ASRS administers a cost-sharing, multiple-employer defined benefit pension plan; a cost-sharing, multiple-employer defined health insurance premium plan; and a cost-sharing, multiple-employer defined benefit long-term disability plan that covers employees of the State of Arizona and employees of participating political subdivisions and school districts. The ASRS is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2. Benefits are established by state statute and the plan generally provides retirement, long-term disability, and health insurance premium benefits, including death and survivor benefits. The retirement benefits are generally paid at a percentage, based on years of service, of the retirees' average compensation. Long-term disability benefits vary by circumstance, but generally pay a percentage of the employee's monthly compensation.

**CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont’d)

Health insurance premium benefits are paid as a fixed dollar amount per month towards the retiree’s healthcare insurance premiums, in amounts based on whether the benefit is for the retiree or for the retiree and his or her dependents.

Public Safety Personnel Retirement System - The PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple-employer defined benefit health insurance premium plan that covers public safety personnel who are regularly assigned hazardous duty as employees of the State of Arizona or one of its political subdivisions. The PSPRS, acting as a common investment and administrative agent, is governed by a five-member board, known as The Fund Manager, and 162 local boards according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.

Each plan issues a publicly available financial report that includes its financial statements and required supplementary information. A report may be obtained by writing or calling the applicable plan.

ASRS

3300 North Central Avenue
P.O. Box 33910
Phoenix, Arizona 85077-3910
(602) 240-2200 or (800) 621-3778
www.azasrs.gov

PSPRS

3010 East Camelback Road, Suite 200
Phoenix, Arizona 85016
(602) 255-5575

Funding Policy – The Arizona State Legislature establishes and may amend active plan members’ and the City’s contribution rates for the plans of the ASRS and PSPRS. For the current fiscal year, active ASRS members were required by statute to contribute at the actuarially determined rate of 11.14 percent (10.90 percent for retirement and 0.24 percent for long-term disability) of the members’ annual covered payroll and the City was required by statute to contribute at the actuarially determined rate of 11.14 percent (10.25 percent for retirement, 0.65 percent for health insurance premium, and 0.24 percent for long-term disability) of the members’ annual covered payroll.

The City’s contributions to ASRS for the current and two preceding years, all of which were equal to the required contributions, were as follows.

	Retirement Fund	Health Benefit Supplement Fund	Long-Term Disability Fund
Years ended June 30,			
2013	\$ 994,058	\$ 63,038	\$ 23,276
2012	962,978	61,467	23,416
2011	886,037	58,020	24,585

**CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Agent plans – For the current fiscal year, active PSPRS police members were required by statute to contribute 7.65 percent of the members’ annual covered payroll and the City was required to contribute 23.8 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.38 percent of covered payroll. Active PSPRS fire members were required by statute to contribute 7.65 percent of the members’ annual covered payroll and the City was required to contribute 21.53 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.38 percent of covered payroll.

Actuarial methods and assumptions – The contribution requirements for the current year end were established by the June 30, 2011 actuarial valuations, and those actuarial valuations were based on the following actuarial methods and assumptions.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plans 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 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.

Projects of benefits are based on 1) the plans as understood by the City and plans’ members 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 that are 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 plans and related benefits (unless noted), and the actuarial assumptions used to establish the fiscal year 2012-2013 contribution requirements are as follows.

Actuarial valuation date	June 30, 2011
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay closed
Remaining amortization period	25 years for underfunded, 20 years for overfunded
Asset valuation method	7 year smoothed market
Actuarial assumptions:	
Investment rate of return	8.25%
Projected salary increases	5.0% - 8.0%
Inflation rate	None
Payroll growth	5.0%
Cost-of-living adjustments	None

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 13 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Cont'd)

Trend Information – Annual pension cost information for the current and two preceding years follows for each of the agent plans. Annual OPEB cost information for the current year (i.e., transition year) and prior two years is as follows.

Plan	Year Ended June 30	Annual Pension/ OPEB Cost	Percentage of Annual Cost Contributed	Net Pension/ OPEB Obligation
PSPRS – Police				
Pension	2013	\$ 694,398	100%	0
	2012	610,702	100%	0
	2011	626,711	100%	0
Health Insurance	2013	17,520	100%	0
	2012	14,640	100%	0
	2011	12,000	100%	0
PSPRS – Fire				
Pension	2013	655,799	100%	0
	2012	616,409	100%	0
	2011	583,585	100%	0
Health Insurance	2013	10,800	100%	0
	2012	10,500	100%	0
	2011	10,570	100%	0

Funding Progress - As of June 30, 2013, the most recent actuarial calculation date, the firefighters plan was 70 percent funded and the police was 63 percent funded. The actuarial accrued liability for benefits was \$20.5 million and \$19.2 million and the actuarial value of assets was \$14.4 million and \$12.2 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$6.0 million and \$7.1 million, respectively. The covered payrolls (annual payrolls of active employees covered by the plans) were \$2.7 million and \$2.8 million, and the ratio of the UAAL to the covered payroll was 227 percent and 249 percent. The schedule of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability benefits.

**CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN

Plan Description – Under authority of the City Council, the City provides postretirement insurance (health, dental and vision) benefits, for certain retirees and their dependents. The plan is a single-employer defined benefit plan administered by the City. The City contributes 100% of the premiums for employees who retire with 20 years of full-time service before July 1, 2005. The City pays a portion of the premiums for employees who retire with 20 years of service after July 1, 2005 and who agree to pay the remaining \$150 of the premium per month. The City’s regular insurance providers underwrite the retiree policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. A separate financial report is not issued for the plan. The number of participants as of year end, the effective date of the biannual OPEB valuation, follows.

	<u>Participants</u>
Active employees	292
Retired employees	21
Total	<u>313</u>

Funding Policy – The City currently pays for postemployment benefits on a pay-as-you-go basis. Although the City is studying the establishment of a trust that would be used to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue. Generally, resources from the General Fund are used to pay for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation – The City’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation.

Annual required contribution	\$ 625,852
Interest on net OPEB obligation	128,353
Adjustment to annual required contribution	<u>(175,106)</u>
Annual OPEB cost (expense)	579,099
Contributions made	<u>(108,877)</u>
Increase in net OPEB obligation	470,222
Net OPEB obligation – beginning of year	<u>2,852,291</u>
Net OPEB obligation – end of year	<u>\$ 3,322,513</u>

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN
(Cont'd)

The City's annual OPEB cost, the annual OPEB cost contributed, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ended June 30, 2013 and the preceding two years are as follows.

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 579,099	\$ 108,877	19%	\$ 3,322,513
June 30, 2012	851,654	163,398	19	2,852,291
June 30, 2011	877,752	140,547	16	2,164,035

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The projection of future benefit payments involve estimates of the value of reported amounts and assumptions about the probability of events into the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Amounts determined and the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The more significant actuarial assumptions and methods used in the calculation of the employer contributions for the current fiscal year were as follows.

Valuation date	July 1, 2012
Actuarial cost method	Entry age normal, level dollar cost method
Amortization method for actuarial accrued liabilities	30 years open, level dollar amount
Remaining amortization period	30 years as of July 1, 2012
Interest rate	4.50%
Inflation rate	3.25%
Projected salary increases	N/A
Health care cost trend rate:	
Medical, Prescription Drug, Dental and Vision	9%, 8%, 5%, respectively
Retiree contribution increase	No assumed increases in the future
ASRS subsidy increases	None
Cost of living adjustments	N/A

CITY OF KINGMAN, ARIZONA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN
(Concl'd)

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

The schedule of funding progress which can be found in the required supplementary information, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The plan is currently not funded.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KINGMAN, ARIZONA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Non-GAAP Actual	
Revenues:			
Taxes	\$ 13,603,500	\$ 13,858,703	\$ 255,203
Licenses and permits	103,500	105,838	2,338
Intergovernmental	5,160,000	5,164,504	4,504
Charges for services	1,766,000	1,960,633	194,633
Fines and forfeits	290,000	278,219	(11,781)
Investment income		49,571	49,571
Miscellaneous		567,595	567,595
Total revenues	<u>20,923,000</u>	<u>21,985,063</u>	<u>1,062,063</u>
Expenditures:			
Current -			
General government			
Magistrate court	1,382,369	1,316,941	65,428
Mayor and council	124,067	112,719	11,348
City manager	223,892	228,924	(5,032)
Finance department	827,328	789,725	37,603
City attorney	610,713	661,536	(50,823)
City clerk	271,649	237,028	34,621
Human resources director	558,606	551,730	6,876
Planning and zoning	599,759	466,897	132,862
Total general government	<u>4,598,383</u>	<u>4,365,500</u>	<u>232,883</u>
Public safety			
Police department	7,963,596	7,637,560	326,036
Fire department	5,428,014	5,106,792	321,222
Building inspections	605,802	565,949	39,853
Total public safety	<u>13,997,412</u>	<u>13,310,301</u>	<u>687,111</u>
Culture and recreation			
Recreation	514,904	435,514	79,390
Swimming	397,174	354,043	43,131
Municipal golf course	1,260,903	1,097,114	163,789
Parks	1,639,248	1,535,156	104,092
Total culture and recreation	<u>3,812,229</u>	<u>3,421,827</u>	<u>390,402</u>
Economic development			
Tourism commission	870,900	263,527	607,373
Marketing commission	25,000	20,921	4,079
Total economic development	<u>895,900</u>	<u>284,448</u>	<u>611,452</u>
Capital outlay			
Total capital outlay	<u>488,500</u>	<u>393,014</u>	<u>95,486</u>
Debt services			
Principal retirement		47,836	(47,836)
Interest and fiscal charges		6,370	(6,370)
Total debt services		<u>54,206</u>	<u>(54,206)</u>
Total expenditures	<u>23,792,424</u>	<u>21,829,296</u>	<u>1,963,128</u>
Excess (deficiency) of revenues over expenditures	<u>(2,869,424)</u>	<u>155,767</u>	<u>3,025,191</u>
Other financing sources (uses):			
Transfers in	1,697,884	1,303,267	(394,617)
Transfers out	(1,947,586)	(1,234,452)	713,134
Total other financing sources (uses)	<u>(249,702)</u>	<u>68,815</u>	<u>318,517</u>
Change in fund balances	<u>(3,119,126)</u>	<u>224,582</u>	<u>3,343,708</u>
Fund balances, beginning of year	7,125,097	7,454,493	329,396
Fund balances, end of year	<u>\$ 4,005,971</u>	<u>\$ 7,679,075</u>	<u>\$ 3,673,104</u>

See accompanying notes to this schedule.

CITY OF KINGMAN, ARIZONA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 1 – BUDGETARY BASIS OF ACCOUNTING

The City adopts a legal budget for all governmental funds. The adopted budget of the City is prepared on a basis consistent with accounting principles generally accepted in the United States of America with the following exception: a portion of the General Fund activity is budgeted for separately as special revenue funds. Consequently, the following adjustments were necessary to present actual expenditures, fund balance at July 1, 2012, and fund balance at June 30, 2013 on a budgetary basis in order to provide a meaningful comparison.

	<u>Total Expenditures</u>	<u>Fund Balance, June 30, 2013</u>	<u>Fund Balance, July 1, 2012</u>
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 21,967,226	\$ 7,788,147	\$ 7,598,290
Fiscal year 2012-13 activity budgeted as special revenue funds	<u>(137,930)</u>	<u>(109,072)</u>	<u>(143,797)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	<u>\$ 21,829,296</u>	<u>\$ 7,679,075</u>	<u>\$ 7,454,493</u>

**CITY OF KINGMAN, ARIZONA
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013**

**Schedule of Funding Progress
Kingman Police Plan:**

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percent Age of Covered Payroll ([a-b]/c)
2013	\$12,170,155	\$19,238,711	\$ 7,068,556	63.3%	\$ 2,838,418	249.0%
2012	11,847,807	18,855,075	7,007,268	62.8	2,973,701	235.6
2011	11,553,980	17,086,416	5,532,436	67.6	2,809,275	196.9

**Schedule of Funding Progress
Kingman Fire Plan:**

Valuation Date June 30,	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) – (a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as Percentage of Covered Payroll ([a-b]/c)
2013	\$14,417,713	\$ 20,465,946	\$ 6,048,233	70.4%	\$ 2,663,020	227.1%
2012	13,881,709	20,095,748	6,214,039	69.1	2,819,425	220.4
2011	12,704,610	17,598,817	4,894,207	72.2	2,952,005	165.8

**Schedule of Funding Progress
Other Postemployment Benefits:**

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-1)/c)
7-1-12	-0-	\$ 5,293,372	\$ 5,293,372	-0-	\$ 9,134,826	57.9%
7-1-10	-0-	7,892,307	7,892,307	-0-	8,956,255	88.1
7-1-08	-0-	6,570,672	6,570,672	-0-	9,309,667	70.6

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS
AND SCHEDULES**

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GOVERNMENTAL FUNDS

CITY OF KINGMAN, ARIZONA
COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2013

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,558,324	\$ 760,472	\$ 5,556,300
Intergovernmental receivable	654,192		128,149
Accounts receivable	53,528		
Total assets	<u>\$ 2,266,044</u>	<u>\$ 760,472</u>	<u>\$ 5,684,449</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 121,968	\$	\$ 9,974
Construction contracts payable			462,356
Accrued payroll and employee benefits	41,154		
Interest payable		61,284	
Retainage payable			75,834
Deferred revenue	108,625		1,836,933
Bonds payable		590,000	
Total liabilities	<u>271,747</u>	<u>651,284</u>	<u>2,385,097</u>
Fund balances:			
Restricted	1,801,088	109,188	1,613,218
Assigned	193,209		1,686,134
Total fund balances	<u>1,994,297</u>	<u>109,188</u>	<u>3,299,352</u>
 Total liabilities and fund balances	 <u>\$ 2,266,044</u>	 <u>\$ 760,472</u>	 <u>\$ 5,684,449</u>

Total Non-
Major
Governmental
Fund

\$ 7,875,096
782,341
53,528
\$ 8,710,965

\$ 131,942
462,356
41,154
61,284
75,834
1,945,558
590,000
3,308,128

3,523,494
1,879,343
5,402,837

\$ 8,710,965

CITY OF KINGMAN, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
YEAR ENDED JUNE 30, 2013

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Revenues:			
Taxes	\$ 573,037	\$	\$ 355,051
Intergovernmental	4,051,780		1,584,853
Investment income	7,958	259	32,768
Special assessments	34,776		
Miscellaneous	244,890		87,219
Total revenues	<u>4,912,441</u>	<u>259</u>	<u>2,059,891</u>
Expenditures:			
Current -			
General government	35,675		
Public safety	735,340		
Highways and streets	3,161,449		
Economic development	243,928		
Capital outlay	223,862		1,714,669
Debt service -			
Principal retirement	43,522	590,000	
Interest and fiscal charges	17,554	123,819	
Total expenditures	<u>4,461,330</u>	<u>713,819</u>	<u>1,714,669</u>
Excess (deficiency) of revenues over expenditures	<u>451,111</u>	<u>(713,560)</u>	<u>345,222</u>
Other financing sources (uses):			
Transfers in	642,344	712,569	40,130
Transfers out	(492,999)	(3,083)	(719,362)
Proceeds from sale of capital assets			349,025
Total other financing sources (uses):	<u>149,345</u>	<u>709,486</u>	<u>(330,207)</u>
Changes in fund balances	<u>600,456</u>	<u>(4,074)</u>	<u>15,015</u>
Fund balances, beginning of year	1,393,841	113,262	3,284,337
Fund balances, end of year	<u>\$ 1,994,297</u>	<u>\$ 109,188</u>	<u>\$ 3,299,352</u>

Total Non-
Major
Governmental
Funds

\$ 928,088
5,636,633
40,985
34,776
332,109
6,972,591

35,675
735,340
3,161,449
243,928
1,938,531

633,522
141,373
6,889,818

82,773

1,395,043
(1,215,444)
349,025
528,624

611,397

4,791,440

\$ 5,402,837

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SPECIAL REVENUE FUNDS

HURF Fund - accounts for the City's share of motor fuel tax revenues.

Transit System Fund - accounts for the activity associated with the system designed to meet the transportation needs of Kingman area residents.

Improvement District Bond Repayment Fund - accounts for interest income earned on municipal bonds purchased by the City.

Powerhouse Fund - accounts for the activity associated with the Powerhouse facility.

Grants Fund - accounts for all grants received by the City.

**CITY OF KINGMAN, ARIZONA
 COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
 JUNE 30, 2013**

	<u>HURF</u>	<u>Transit System</u>	<u>Grants</u>
<u>ASSETS</u>			
Cash and investments	\$ 1,168,200	\$ 33,280	\$ 356,844
Intergovernmental receivable	211,343	177,987	264,862
Accounts receivable			53,528
Total assets	<u><u>\$ 1,379,543</u></u>	<u><u>\$ 211,267</u></u>	<u><u>\$ 675,234</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 6,122	\$ 1,598	\$ 114,248
Accrued payroll and employee benefits	24,694	16,460	
Deferred revenue	108,625		
Total liabilities	<u><u>139,441</u></u>	<u><u>18,058</u></u>	<u><u>114,248</u></u>
Fund balances:			
Restricted	1,240,102		560,986
Assigned		193,209	
Total fund balances	<u><u>1,240,102</u></u>	<u><u>193,209</u></u>	<u><u>560,986</u></u>
 Total liabilities and fund balances	 <u><u>\$ 1,379,543</u></u>	 <u><u>\$ 211,267</u></u>	 <u><u>\$ 675,234</u></u>

Totals

\$	1,558,324
	654,192
	<u>53,528</u>
\$	<u><u>2,266,044</u></u>

\$	121,968
	41,154
	<u>108,625</u>
	<u><u>271,747</u></u>

	1,801,088
	<u>193,209</u>
	<u><u>1,994,297</u></u>

\$	<u><u>2,266,044</u></u>
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CITY OF KINGMAN, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

	<u>HURF</u>	<u>Transit System</u>	<u>Grants</u>
Revenues:			
Taxes	\$ 573,037	\$	\$
Intergovernmental	2,163,694	479,355	1,408,731
Investment income	5,991		1,967
Special assessments	34,776		
Miscellaneous	9,647	136,481	98,762
Total revenues	<u>2,787,145</u>	<u>615,836</u>	<u>1,509,460</u>
Expenditures:			
Current -			
General government			35,675
Public safety			735,340
Highways and streets	2,386,379	728,281	46,789
Economic development			243,928
Capital outlay	3,330	134,672	85,860
Debt service -			
Principal retirement	43,522		
Interest and fiscal charges	17,554		
Total expenditures	<u>2,450,785</u>	<u>862,953</u>	<u>1,147,592</u>
Excess (deficiency) of revenues over expenditures	<u>336,360</u>	<u>(247,117)</u>	<u>361,868</u>
Other financing sources (uses):			
Transfers in	235,591	400,000	6,753
Transfers out	(218,716)		(274,283)
Total other financing sources (uses):	<u>16,875</u>	<u>400,000</u>	<u>(267,530)</u>
Changes in fund balances	<u>353,235</u>	<u>152,883</u>	<u>94,338</u>
Fund balances, beginning of year	886,867	40,326	466,648
Fund balances, end of year	<u>\$ 1,240,102</u>	<u>\$ 193,209</u>	<u>\$ 560,986</u>

Totals

\$ 573,037
4,051,780
7,958
34,776
244,890
4,912,441

35,675
735,340
3,161,449
243,928
223,862

43,522
17,554
4,461,330

451,111

642,344
(492,999)
149,345

600,456

1,393,841

\$ 1,994,297

CITY OF KINGMAN, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

	HURF		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Taxes	\$ 600,000	\$ 573,037	\$ (26,963)
Intergovernmental	1,985,981	2,163,694	177,713
Investment income	4,500	5,991	1,491
Special assessments		34,776	34,776
Miscellaneous		9,647	9,647
Total revenues	<u>2,590,481</u>	<u>2,787,145</u>	<u>196,664</u>
Expenditures:			
Current -			
General government			
Public safety			
Highways and streets	2,614,425	2,386,379	228,046
Economic development			
Capital outlay	85,200	3,330	81,870
Debt service -			
Principal retirement		43,522	(43,522)
Interest and fiscal charges		17,554	(17,554)
Total expenditures	<u>2,699,625</u>	<u>2,450,785</u>	<u>248,840</u>
Excess (deficiency) of revenues over expenditures	<u>(109,144)</u>	<u>336,360</u>	<u>445,504</u>
Other financing sources (uses):			
Transfers in	236,073	235,591	(482)
Transfers out	(218,716)	(218,716)	
Total other financing sources (uses):	<u>17,357</u>	<u>16,875</u>	<u>(482)</u>
Changes in fund balances	<u>(91,787)</u>	<u>353,235</u>	<u>445,022</u>
Fund balances, beginning of year	864,387	886,867	22,480
Fund balances, end of year	<u>\$ 772,600</u>	<u>\$ 1,240,102</u>	<u>\$ 467,502</u>

Transit System			Improvement District Bond Repayment		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 792,468	\$ 479,355	\$ (313,113)	\$	\$	\$
135,000	136,481	1,481	4,044	86	86
<u>927,468</u>	<u>615,836</u>	<u>(311,632)</u>	<u>4,044</u>	<u>4,045</u>	<u>1</u>
790,617	728,281	62,336			
277,500	134,672	142,828			
<u>1,068,117</u>	<u>862,953</u>	<u>205,164</u>			
<u>(140,649)</u>	<u>(247,117)</u>	<u>(106,468)</u>	<u>4,044</u>	<u>4,131</u>	<u>87</u>
100,000	400,000	300,000			
<u>100,000</u>	<u>400,000</u>	<u>300,000</u>			
<u>(40,649)</u>	<u>152,883</u>	<u>193,532</u>	<u>4,044</u>	<u>4,131</u>	<u>87</u>
59,589	40,326	(19,263)	82,989	83,026	37
<u>\$ 18,940</u>	<u>\$ 193,209</u>	<u>\$ 174,269</u>	<u>\$ 87,033</u>	<u>\$ 87,157</u>	<u>\$ 124</u>

CITY OF KINGMAN, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2013

	Powerhouse		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Investment income		1	1
Special assessments			
Miscellaneous	50,000	49,073	(927)
Total revenues	<u>50,000</u>	<u>49,074</u>	<u>(926)</u>
Expenditures:			
Current -			
General government	139,900	137,930	1,970
Public safety			
Highways and streets			
Economic development			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>139,900</u>	<u>137,930</u>	<u>1,970</u>
Excess (deficiency) of revenues over expenditures	<u>(89,900)</u>	<u>(88,856)</u>	<u>1,044</u>
Other financing sources (uses):			
Transfers in	50,000	50,000	
Transfers out			
Total other financing sources (uses):	<u>50,000</u>	<u>50,000</u>	
Changes in fund balances	<u>(39,900)</u>	<u>(38,856)</u>	<u>1,044</u>
Fund balances, beginning of year	48,923	60,771	11,848
Fund balances, end of year	<u>\$ 9,023</u>	<u>\$ 21,915</u>	<u>\$ 12,892</u>

Grants			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 3,944,597	\$ 1,408,731	\$ (2,535,866)	\$ 600,000	\$ 573,037	\$ (26,963)
	1,967	1,967	6,723,046	4,051,780	(2,671,266)
			4,500	8,045	3,545
			4,044	38,821	34,777
1,743,000	98,762	(1,644,238)	1,928,000	293,963	(1,634,037)
<u>5,687,597</u>	<u>1,509,460</u>	<u>(4,178,137)</u>	<u>9,259,590</u>	<u>4,965,646</u>	<u>(4,293,944)</u>
181,723	35,675	146,048	321,623	173,605	148,018
3,745,710	735,340	3,010,370	3,745,710	735,340	3,010,370
238,336	46,789	191,547	3,643,378	3,161,449	481,929
1,242,532	243,928	998,604	1,242,532	243,928	998,604
437,358	85,860	351,498	800,058	223,862	576,196
				43,522	(43,522)
				17,554	(17,554)
<u>5,845,659</u>	<u>1,147,592</u>	<u>4,698,067</u>	<u>9,753,301</u>	<u>4,599,260</u>	<u>5,154,041</u>
(158,062)	361,868	519,930	(493,711)	366,386	860,097
132,887	6,753	(126,134)	518,960	692,344	173,384
(223,900)	(274,283)	(50,383)	(442,616)	(492,999)	(50,383)
(91,013)	(267,530)	(176,517)	76,344	199,345	123,001
<u>(249,075)</u>	<u>94,338</u>	<u>343,413</u>	<u>(417,367)</u>	<u>565,731</u>	<u>983,098</u>
590,775	466,648	(124,127)	1,646,663	1,537,638	(109,025)
<u>\$ 341,700</u>	<u>\$ 560,986</u>	<u>\$ 219,286</u>	<u>\$ 1,229,296</u>	<u>\$ 2,103,369</u>	<u>\$ 874,073</u>

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DEBT SERVICE FUNDS

Municipal Property Corporation Fund – accounts for the Kingman Municipal Property Corporation (KMPC) component unit. The KMPC collects rent from the City to pay KMPC bonds issued to acquire and construct City facilities.

Highway Expansion and Extension Loan Program (HELP) Debt Fund – accounts for the resources used to retire loan debt.

Special Assessment Districts – accounts for the special assessments and debt service for the City's improvement districts.

**CITY OF KINGMAN, ARIZONA
 COMBINING BALANCE SHEET - NON-MAJOR DEBT SERVICE FUNDS
 JUNE 30, 2013**

	MPC Debt	Totals
<u>ASSETS</u>		
Cash and investments	\$ 760,472	\$ 760,472
Total assets	\$ 760,472	\$ 760,472
 <u>LIABILITIES AND FUND BALANCES</u>		
Liabilities:		
Interest payable	\$ 61,284	\$ 61,284
Bonds payable	590,000	590,000
Total liabilities	651,284	651,284
Fund balances:		
Restricted	109,188	109,188
Total fund balances	109,188	109,188
 Total liabilities and fund balances	 \$ 760,472	 \$ 760,472

CITY OF KINGMAN, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2013

	MPC Debt	HELP Loan Debt	Totals
Revenues:			
Investment income	\$ 259	\$	\$ 259
Total revenues	259		259
Expenditures:			
Debt service -			
Principal retirement	590,000		590,000
Interest and fiscal charges	123,819		123,819
Total expenditures	713,819		713,819
Excess (deficiency) of revenues over expenditures	(713,560)		(713,560)
Other financing sources (uses):			
Transfers in	712,569		712,569
Transfers out		(3,083)	(3,083)
Total other financing sources (uses):	712,569	(3,083)	709,486
Changes in fund balances	(991)	(3,083)	(4,074)
Fund balances, beginning of year	110,179	3,083	113,262
Fund balances, end of year	\$ 109,188	\$	\$ 109,188

CITY OF KINGMAN, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2013

	MPC Debt		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Investment income	\$	\$ 259	\$ 259
Special assessments			
Total revenues		<u>259</u>	<u>259</u>
Expenditures:			
Debt service -			
Principal retirement	715,069	590,000	125,069
Interest and fiscal charges		123,819	(123,819)
Total expenditures	<u>715,069</u>	<u>713,819</u>	<u>1,250</u>
Excess (deficiency) of revenues over expenditures	<u>(715,069)</u>	<u>(713,560)</u>	<u>1,509</u>
Other financing sources (uses):			
Transfers in	712,569	712,569	
Transfers out			
Total other financing sources (uses):	<u>712,569</u>	<u>712,569</u>	
Changes in fund balances	<u>(2,500)</u>	<u>(991)</u>	<u>1,509</u>
Fund balances, beginning of year	108,383	110,179	1,796
Fund balances, end of year	<u>\$ 105,883</u>	<u>\$ 109,188</u>	<u>\$ 3,305</u>

HELP Loan Debt			Special Assessment Districts		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$ 1,119,525	\$ 12,515	\$ (1,107,010)
				1,160,462	1,160,462
			1,119,525	1,172,977	53,452
			1,604,740	1,152,916	451,824
				451,643	(451,643)
			1,604,740	1,604,559	181
			(485,215)	(431,582)	53,633
			490,222	719,362	229,140
(3,065)	(3,083)	(18)	(33,440)	(33,440)	
(3,065)	(3,083)	(18)	456,782	685,922	229,140
(3,065)	(3,083)	(18)	(28,433)	254,340	282,773
3,065	3,083	18	3,134,668	2,887,183	(247,485)
\$	\$	\$	\$ 3,106,235	\$ 3,141,523	\$ 35,288

CITY OF KINGMAN, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2013

	Totals		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Investment income	\$ 1,119,525	\$ 12,774	\$ (1,106,751)
Special assessments		1,160,462	1,160,462
Total revenues	<u>1,119,525</u>	<u>1,173,236</u>	<u>53,711</u>
Expenditures:			
Debt service -			
Principal retirement	2,319,809	1,742,916	576,893
Interest and fiscal charges		575,462	(575,462)
Total expenditures	<u>2,319,809</u>	<u>2,318,378</u>	<u>1,431</u>
Excess (deficiency) of revenues over expenditures	<u>(1,200,284)</u>	<u>(1,145,142)</u>	<u>55,142</u>
Other financing sources (uses):			
Transfers in	1,202,791	1,431,931	229,140
Transfers out	(36,505)	(36,523)	(18)
Total other financing sources (uses):	<u>1,166,286</u>	<u>1,395,408</u>	<u>229,122</u>
Changes in fund balances	<u>(33,998)</u>	<u>250,266</u>	<u>284,264</u>
Fund balances, beginning of year	3,246,116	3,000,445	(245,671)
Fund balances, end of year	<u>\$ 3,212,118</u>	<u>\$ 3,250,711</u>	<u>\$ 38,593</u>

CAPITAL PROJECTS FUNDS

Local Construction Fund - accounts for projects funded from local sources.

Capital Projects – accounts for current and anticipated projects for the City.

Airway Underpass Fund - accounts for the Airway Underpass project.

KAT and Banks Airport Construction Fund - accounts for the improvement district for Kingman Airport Tract and Banks Airport addition projects.

Kingman Crossing Fund - accounts for the Kingman Crossing project.

Rancho Santa Fe Parkway Fund - accounts for the Rancho Santa Fe Parkway project.

Flood Control Fund - accounts for intergovernmental aid from Mohave County to be used for flood control construction projects within the City

CITY OF KINGMAN, ARIZONA
COMBINING BALANCE SHEET - ALL CAPITAL PROJECTS FUNDS
JUNE 30, 2013

	<u>Local Construction</u>	<u>Capital Projects</u>	<u>Kingman Crossing</u>
<u>ASSETS</u>			
Cash and investments	\$ 366,119	\$ 2,737,019	\$ 86,687
Intergovernmental receivable		128,149	
Total assets	<u>\$ 366,119</u>	<u>\$ 2,865,168</u>	<u>\$ 86,687</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$	\$ 7,198	\$
Construction contracts payable			
Retainage payable			
Deferred revenue		1,836,933	
Total liabilities		<u>1,844,131</u>	
Fund balances:			
Restricted			
Assigned	366,119	1,021,037	86,687
Total fund balances	<u>366,119</u>	<u>1,021,037</u>	<u>86,687</u>
 Total liabilities and fund balances	 <u>\$ 366,119</u>	 <u>\$ 2,865,168</u>	 <u>\$ 86,687</u>

<u>Rancho Santa Fe Parkway</u>	<u>Flood Control</u>	<u>Totals</u>
\$ 212,291	\$ 2,154,184	\$ 5,556,300
		128,149
<u>\$ 212,291</u>	<u>\$ 2,154,184</u>	<u>\$ 5,684,449</u>
\$	\$ 2,776	\$ 9,974
	462,356	462,356
	75,834	75,834
		1,836,933
	<u>540,966</u>	<u>2,385,097</u>
	1,613,218	1,613,218
212,291		1,686,134
<u>212,291</u>	<u>1,613,218</u>	<u>3,299,352</u>
<u>\$ 212,291</u>	<u>\$ 2,154,184</u>	<u>\$ 5,684,449</u>

CITY OF KINGMAN, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Local Construction	Capital Projects	Airway Underpass
Revenues:			
Taxes	\$	\$ 355,051	\$
Intergovernmental		4,956	
Investment income	1,923	14,120	1,194
Miscellaneous	50,000	6,725	10,727
Total revenues	51,923	380,852	11,921
Expenditures:			
Capital outlay	61,336	852,333	
Total expenditures	61,336	852,333	
Excess (deficiency) of revenues over expenditures	(9,413)	(471,481)	11,921
Other financing sources (uses):			
Transfers in		40,130	
Transfers out			(227,688)
Proceeds from sale of capital assets		349,025	
Total other financing sources (uses):		389,155	(227,688)
Changes in fund balances	(9,413)	(82,326)	(215,767)
Fund balances, beginning of year	375,532	1,103,363	215,767
Fund balances, end of year	\$ 366,119	\$ 1,021,037	\$

<u>KAT and Banks Airport Construction</u>	<u>Kingman Crossing</u>	<u>Rancho Santa Fe Parkway</u>	<u>Flood Control</u>	<u>Totals</u>
\$	\$	\$	\$	\$
2,502	455	1,114	1,579,897	355,051
			11,460	1,584,853
			19,767	32,768
<u>2,502</u>	<u>455</u>	<u>1,114</u>	<u>1,611,124</u>	<u>87,219</u>
				<u>2,059,891</u>
			801,000	1,714,669
			801,000	1,714,669
<u>2,502</u>	<u>455</u>	<u>1,114</u>	<u>810,124</u>	<u>345,222</u>
				40,130
(491,674)				(719,362)
<u>(491,674)</u>				<u>349,025</u>
				<u>(330,207)</u>
<u>(489,172)</u>	<u>455</u>	<u>1,114</u>	<u>810,124</u>	<u>15,015</u>
489,172	86,232	211,177	803,094	3,284,337
<u>\$</u>	<u>\$ 86,687</u>	<u>\$ 212,291</u>	<u>\$ 1,613,218</u>	<u>\$ 3,299,352</u>

CITY OF KINGMAN, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Local Construction		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Investment income		1,923	1,923
Miscellaneous		50,000	50,000
Total revenues		<u>51,923</u>	<u>51,923</u>
Expenditures:			
Capital outlay	350,000	61,336	288,664
Total expenditures	<u>350,000</u>	<u>61,336</u>	<u>288,664</u>
Excess (deficiency) of revenues over expenditures	<u>(350,000)</u>	<u>(9,413)</u>	<u>340,587</u>
Other financing sources (uses):			
General obligation bonds issued			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances	<u>(350,000)</u>	<u>(9,413)</u>	<u>340,587</u>
Fund balances, beginning of year	372,768	375,532	2,764
Fund balances, end of year	<u>\$ 22,768</u>	<u>\$ 366,119</u>	<u>\$ 343,351</u>

Capital Projects			Airway Underpass		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 400,130	\$ 355,051	\$ (45,079)	\$	\$	\$
4,750,000	4,956	(4,745,044)			
25,000	14,120	(10,880)		1,194	1,194
	6,725	6,725		10,727	10,727
<u>5,175,130</u>	<u>380,852</u>	<u>(4,794,278)</u>		<u>11,921</u>	<u>11,921</u>
5,412,292	852,333	4,559,959	500,000		500,000
<u>5,412,292</u>	<u>852,333</u>	<u>4,559,959</u>	<u>500,000</u>		<u>500,000</u>
(237,162)	(471,481)	(234,319)	(500,000)	11,921	511,921
	40,130	40,130		(227,688)	(227,688)
	349,025	349,025			
	<u>389,155</u>	<u>389,155</u>		<u>(227,688)</u>	<u>(227,688)</u>
(237,162)	(82,326)	154,836	(500,000)	(215,767)	284,233
705,224	1,103,363	398,139	500,000	215,767	(284,233)
<u>\$ 468,062</u>	<u>\$ 1,021,037</u>	<u>\$ 552,975</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

CITY OF KINGMAN, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	KAT and Banks Airport Construction		
	Budget	Actual	Variance - Positive (Negative)
Revenues:			
Taxes	\$	\$	\$
Intergovernmental			
Investment income		2,502	2,502
Miscellaneous			
Total revenues		2,502	2,502
Expenditures:			
Capital outlay			
Total expenditures			
Excess (deficiency) of revenues over expenditures		2,502	2,502
Other financing sources (uses):			
General obligation bonds issued			
Transfers in			
Transfers out	(490,222)	(491,674)	(1,452)
Proceeds from sale of capital assets			
Total other financing sources (uses):	(490,222)	(491,674)	(1,452)
Changes in fund balances	(490,222)	(489,172)	1,050
Fund balances, beginning of year	490,222	489,172	(1,050)
Fund balances, end of year	\$	\$	\$

Kingman Crossing			Rancho Santa Fe Parkway		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$	\$	\$	\$	\$	\$
	455	455	28,509,993	1,114	(28,509,993)
<u>20,978,000</u>		<u>(20,978,000)</u>	<u>1,712,000</u>		<u>(1,712,000)</u>
<u>20,978,000</u>	<u>455</u>	<u>(20,977,545)</u>	<u>30,221,993</u>	<u>1,114</u>	<u>(30,220,879)</u>
<u>20,978,000</u>		<u>20,978,000</u>	<u>50,847,418</u>		<u>50,847,418</u>
<u>20,978,000</u>		<u>20,978,000</u>	<u>50,847,418</u>		<u>50,847,418</u>
	455	455	(20,625,425)	1,114	20,626,539
			20,565,425		(20,565,425)
			<u>20,565,425</u>		<u>(20,565,425)</u>
	455	455	(60,000)	1,114	61,114
76,045	86,232	10,187	145,754	211,177	65,423
<u>\$ 76,045</u>	<u>\$ 86,687</u>	<u>\$ 10,642</u>	<u>\$ 85,754</u>	<u>\$ 212,291</u>	<u>\$ 126,537</u>

(Continued)

CITY OF KINGMAN, ARIZONA
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
ALL CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2013

	Flood Control		Variance - Positive (Negative)
	Budget	Actual	
Revenues:			
Taxes	\$	\$	\$
Intergovernmental	509,893	1,579,897	1,070,004
Investment income	2,500	11,460	8,960
Miscellaneous	19,767	19,767	19,767
Total revenues	<u>512,393</u>	<u>1,611,124</u>	<u>1,098,731</u>
Expenditures:			
Capital outlay	1,050,000	801,000	249,000
Total expenditures	<u>1,050,000</u>	<u>801,000</u>	<u>249,000</u>
Excess (deficiency) of revenues over expenditures	<u>(537,607)</u>	<u>810,124</u>	<u>1,347,731</u>
Other financing sources (uses):			
General obligation bonds issued			
Transfers in			
Transfers out			
Proceeds from sale of capital assets			
Total other financing sources (uses):			
Changes in fund balances	<u>(537,607)</u>	<u>810,124</u>	<u>1,347,731</u>
Fund balances, beginning of year	751,196	803,094	51,898
Fund balances, end of year	<u>\$ 213,589</u>	<u>\$ 1,613,218</u>	<u>\$ 1,399,629</u>

Totals		
Budget	Actual	Variance - Positive (Negative)
\$ 400,130	\$ 355,051	\$ (45,079)
33,769,886	1,584,853	(32,185,033)
27,500	32,768	5,268
22,690,000	87,219	(22,602,781)
<u>56,887,516</u>	<u>2,059,891</u>	<u>(54,827,625)</u>
79,137,710	1,714,669	77,423,041
<u>79,137,710</u>	<u>1,714,669</u>	<u>77,423,041</u>
(22,250,194)	345,222	22,595,416
20,565,425		(20,565,425)
	40,130	40,130
(490,222)	(719,362)	(229,140)
	349,025	349,025
<u>20,075,203</u>	<u>(330,207)</u>	<u>(20,405,410)</u>
(2,174,991)	15,015	2,190,006
3,041,209	3,284,337	243,128
<u>\$ 866,218</u>	<u>\$ 3,299,352</u>	<u>\$ 2,433,134</u>

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INTERNAL SERVICE FUNDS

911 Dispatch Center Fund – accounts for the City’s 911 operations.

Fleet Services Fund - accounts for the City’s internal fleet operations.

Insurance Services Fund - accounts for the City’s property and liability insurance program.

Building Maintenance Services Fund - accounts for the cost of maintaining and repairing City facilities.

Information Systems Fund - accounts for the City’s cost of providing information support services to all City departments.

Benefits Reserve Fund - accounts for the residual activity associated with the City’s self-insurance program, premium payments to the Northwest Arizona Employee Benefit Trust pool, and other miscellaneous insurance related operations.

**CITY OF KINGMAN, ARIZONA
 COMBINING STATEMENT OF NET POSITION -
 ALL INTERNAL SERVICE FUNDS
 JUNE 30, 2013**

	911 Dispatch Center	Fleet Services	Insurance Services
<u>ASSETS</u>			
Current assets:			
Cash and investments	\$ 388,161	\$ 228,914	\$ 1,295,265
Total current assets	<u>388,161</u>	<u>228,914</u>	<u>1,295,265</u>
Noncurrent assets:			
Land		567,000	
Buildings		576,100	
Improvements other than buildings	10,060	78,660	
Vehicles, machinery, and equipment	59,366	163,318	
Construction in progress			
Accumulated depreciation	(7,061)	(556,717)	
Total noncurrent assets	<u>62,365</u>	<u>828,361</u>	
Total assets	<u>450,526</u>	<u>1,057,275</u>	<u>1,295,265</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	6,670	40,454	14,197
Accrued payroll and employee benefits	20,451	11,661	
Compensated absences payable	29,890	36,347	
Obligations under capital leases		46,051	
Total current liabilities	<u>57,011</u>	<u>134,513</u>	<u>14,197</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations		212,560	
Total noncurrent liabilities		<u>212,560</u>	
Total liabilities	<u>57,011</u>	<u>347,073</u>	<u>14,197</u>
<u>NET POSITION</u>			
Net investment in capital assets	62,365	569,750	
Unrestricted	331,150	140,452	1,281,068
Total net position	<u>\$ 393,515</u>	<u>\$ 710,202</u>	<u>\$ 1,281,068</u>

Building Maintenance Services	Information Systems	Benefits Reserve Fund	Totals
\$ 667,035	\$ 330,772	\$ 2,751,681	\$ 5,661,828
<u>667,035</u>	<u>330,772</u>	<u>2,751,681</u>	<u>5,661,828</u>
			567,000
			576,100
			88,720
6,257	767,597		996,538
	72,199		72,199
(626)	(715,662)		(1,280,066)
<u>5,631</u>	<u>124,134</u>		<u>1,020,491</u>
<u>672,666</u>	<u>454,906</u>	<u>2,751,681</u>	<u>6,682,319</u>
11,001	78,494	510	151,326
6,144	15,221		53,477
11,207	36,191		113,635
			46,051
<u>28,352</u>	<u>129,906</u>	<u>510</u>	<u>364,489</u>
			212,560
			212,560
<u>28,352</u>	<u>129,906</u>	<u>510</u>	<u>577,049</u>
5,631	124,134		761,880
638,683	200,866	2,751,171	5,343,390
<u>\$ 644,314</u>	<u>\$ 325,000</u>	<u>\$ 2,751,171</u>	<u>\$ 6,105,270</u>

CITY OF KINGMAN, ARIZONA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ALL INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>911 Dispatch Center</u>	<u>Fleet Services</u>	<u>Insurance Services</u>
Operating revenues:			
Charges for services	\$ 1,082,911	\$ 1,170,363	\$ 605,000
Contributions			
Miscellaneous	145,904		
Total operating revenues	<u>1,228,815</u>	<u>1,170,363</u>	<u>605,000</u>
Operating expenses:			
Costs of sales and services	1,011,039	1,115,229	387,660
Depreciation	4,741	20,341	
Claims			
Premiums			
Total operating expenses	<u>1,015,780</u>	<u>1,135,570</u>	<u>387,660</u>
Operating income (loss)	<u>213,035</u>	<u>34,793</u>	<u>217,340</u>
Nonoperating revenues (expenses):			
Investment income		1,058	7,245
Miscellaneous		680	3,179
Interest expense		(17,554)	
Total nonoperating revenues (expenses)		<u>(15,816)</u>	<u>10,424</u>
Income (loss) before transfers	<u>213,035</u>	<u>18,977</u>	<u>227,764</u>
Transfers in			
Transfers out	<u>(62,000)</u>		<u>(140,000)</u>
Changes in net position	<u>151,035</u>	<u>18,977</u>	<u>87,764</u>
Total net position, beginning of year	242,480	691,225	1,193,304
Total net position, end of year	<u>\$ 393,515</u>	<u>\$ 710,202</u>	<u>\$ 1,281,068</u>

Building Maintenance Services	Information Systems	Benefits Reserve Fund	Totals
\$ 682,600	\$ 924,500	\$	\$ 4,465,374
		3,978,974	3,978,974
		86	145,990
<u>682,600</u>	<u>924,500</u>	<u>3,979,060</u>	<u>8,590,338</u>
564,332	1,028,880		4,107,140
417	32,803		58,302
		441,432	441,432
		4,011,147	4,011,147
<u>564,749</u>	<u>1,061,683</u>	<u>4,452,579</u>	<u>8,618,021</u>
<u>117,851</u>	<u>(137,183)</u>	<u>(473,519)</u>	<u>(27,683)</u>
3,348	426	15,012	27,089
734	245		4,838
			(17,554)
<u>4,082</u>	<u>671</u>	<u>15,012</u>	<u>14,373</u>
<u>121,933</u>	<u>(136,512)</u>	<u>(458,507)</u>	<u>(13,310)</u>
	206,000		206,000
			(202,000)
<u>121,933</u>	<u>69,488</u>	<u>(458,507)</u>	<u>(9,310)</u>
522,381	255,512	3,209,678	6,114,580
<u>\$ 644,314</u>	<u>\$ 325,000</u>	<u>\$ 2,751,171</u>	<u>\$ 6,105,270</u>

CITY OF KINGMAN, ARIZONA
COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2013

	<u>911 Dispatch Center</u>	<u>Fleet Services</u>	<u>Insurance Services</u>	<u>Building Maintenance Services</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>				
Cash flows from operating activities:				
Cash received from customers	\$ 1,228,815	1,170,363	605,000	682,600
Cash received from contributions				
Cash payments to employees for services	(570,559)	(304,308)		(162,648)
Cash payments to suppliers for goods/services	(427,318)	(838,942)	(376,476)	(403,526)
Cash payments for claims				
Other receipts		680	3,179	734
Net cash provided by (used for) operating activities	<u>230,938</u>	<u>27,793</u>	<u>231,703</u>	<u>117,160</u>
Cash flows from non capital financing activities:				
Transfers in				
Transfers out	(62,000)		(140,000)	
Net cash provided by (used for) non capital financing activities:	<u>(62,000)</u>		<u>(140,000)</u>	
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(10,060)			
Principal paid on debt		(43,522)		
Interest paid on debt		(17,554)		
Net cash used for capital and related financing activities:	<u>(10,060)</u>	<u>(61,076)</u>		
Cash flows from investing activities:				
Investment income		1,058	7,245	3,348
Net cash provided by investing activities		<u>1,058</u>	<u>7,245</u>	<u>3,348</u>
Net increase (decrease) in cash and cash equivalents	<u>158,878</u>	<u>(32,225)</u>	<u>98,948</u>	<u>120,508</u>
Cash and cash equivalents, beginning of year	<u>229,283</u>	<u>261,139</u>	<u>1,196,317</u>	<u>546,527</u>
Cash and cash equivalents, end of year	<u>\$ 388,161</u>	<u>\$ 228,914</u>	<u>\$ 1,295,265</u>	<u>\$ 667,035</u>

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position

Cash	212,014	125,456	709,869	365,568
Investments	176,147	103,458	585,396	301,467
Total cash and cash equivalents	<u>\$ 388,161</u>	<u>\$ 228,914</u>	<u>\$ 1,295,265</u>	<u>\$ 667,035</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities

Operating income (loss)	\$ 213,035	34,793	217,340	117,851
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,741	20,341		417
Changes in assets and liabilities:				
Decrease in accounts receivable				
Increase (decrease) in compensated absences payable	5,890	(6,835)		822
Increase (decrease) in accrued payroll and employee benefits	2,429	139		(252)
Increase (decrease) in accounts payable	4,843	(20,645)	14,363	(1,678)
Total adjustments	<u>17,903</u>	<u>(7,000)</u>	<u>14,363</u>	<u>(691)</u>
Net cash provided by (used for) operating activities	<u>\$ 230,938</u>	<u>\$ 27,793</u>	<u>\$ 231,703</u>	<u>\$ 117,160</u>

<u>Information Systems</u>	<u>Employee Benefit Trust</u>	<u>Totals</u>
924,500		\$ 4,611,278
	3,978,974	3,978,974
(370,646)		(1,408,161)
(619,585)	(4,011,147)	(6,676,994)
	(845,231)	(845,231)
<u>245</u>	<u>86</u>	<u>4,924</u>
<u>(65,486)</u>	<u>(877,318)</u>	<u>(335,210)</u>
206,000		206,000
		(202,000)
<u>206,000</u>		<u>4,000</u>
(72,199)		(82,259)
		(43,522)
		(17,554)
<u>(72,199)</u>		<u>(143,335)</u>
<u>426</u>	<u>15,012</u>	<u>27,089</u>
<u>426</u>	<u>15,012</u>	<u>27,089</u>
<u>68,741</u>	<u>(862,306)</u>	<u>(447,456)</u>
<u>262,031</u>	<u>3,613,987</u>	<u>6,109,284</u>
<u>\$ 330,772</u>	<u>\$ 2,751,681</u>	<u>\$ 5,661,828</u>
181,279	1,507,976	3,102,162
149,493	1,243,705	2,559,666
<u>\$ 330,772</u>	<u>\$ 2,751,681</u>	<u>\$ 5,661,828</u>
(137,183)	(473,519)	\$ (27,683)
32,803		58,302
	12,052	12,052
1,355		1,232
(380)		1,936
<u>37,919</u>	<u>(415,851)</u>	<u>(381,049)</u>
<u>71,697</u>	<u>(403,799)</u>	<u>(307,527)</u>
<u>\$ (65,486)</u>	<u>\$ (877,318)</u>	<u>\$ (335,210)</u>

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STATISTICAL SECTION

The statistical section presents financial statement trends as well as detailed financial and operational information not available elsewhere in the report. The statistical section is intended to enhance the reader's understanding of the information presented in the financial statements, notes to the financial statements, and other supplementary information presented in this report. The statistical section is comprised of the five categories of statistical information presented below.

Financial Trends

These schedules contain information on financial trends to help the reader understand how the City's financial position and financial activities have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate revenue.

Debt Capacity

These schedules present information to help the reader evaluate the City's current levels of outstanding debt as well as assess the City's ability to make debt payments and/or issue additional debt in the future.

Demographic and Economic Information

These schedules present various demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to help make comparisons with other cities.

Operating Information

These schedules contain information about the City's operations and various resources to help the reader draw conclusions as to how the City's financial information relates to the services provided by the City.

CITY OF KINGMAN, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:					
Net investment in capital assets	\$ 42,022,454	\$ 41,509,396	\$ 40,034,056	\$ 38,762,943	\$ 37,891,064
Restricted	12,054,804	12,533,340	15,125,063	329,125	387,789
Unrestricted	10,881,884	11,011,417	12,903,489	30,294,711	28,536,485
Total governmental activities net position	<u><u>\$ 64,959,142</u></u>	<u><u>\$ 65,054,153</u></u>	<u><u>\$ 68,062,608</u></u>	<u><u>\$ 69,386,779</u></u>	<u><u>\$ 66,815,338</u></u>
Business-type activities:					
Net investment in capital assets	\$ 36,859,201	\$ 34,934,099	\$ 31,371,150	\$ 31,861,904	\$ 29,906,112
Restricted	2,627,348	1,848,801	2,335,931	1,828,632	942,356
Unrestricted	25,841,488	23,953,643	19,802,816	15,869,839	15,482,328
Total business-type activities net assets	<u><u>\$ 65,328,037</u></u>	<u><u>\$ 60,736,543</u></u>	<u><u>\$ 53,509,897</u></u>	<u><u>\$ 49,560,375</u></u>	<u><u>\$ 46,330,796</u></u>
Primary government					
Net investment in capital assets	\$ 78,881,655	\$ 76,443,495	\$ 71,405,206	\$ 70,624,847	\$ 67,797,176
Restricted	14,682,152	14,382,141	17,460,994	2,157,757	1,330,145
Unrestricted	36,723,372	34,965,060	32,706,305	46,164,550	44,018,813
Total net position	<u><u>\$ 130,287,179</u></u>	<u><u>\$ 125,790,696</u></u>	<u><u>\$ 121,572,505</u></u>	<u><u>\$ 118,947,154</u></u>	<u><u>\$ 113,146,134</u></u>

(Continued)

CITY OF KINGMAN, ARIZONA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental activities:					
Net investment in capital assets	\$ 37,438,313	\$ 37,343,856	\$ 43,500,192	\$ 35,549,975	\$ 40,484,882
Restricted	445,957	877,528	1,244,463		
Unrestricted	28,310,524	25,907,666	10,551,246	17,550,843	12,472,748
Total governmental activities net position	<u>\$ 66,194,794</u>	<u>\$ 64,129,050</u>	<u>\$ 55,295,901</u>	<u>\$ 53,100,818</u>	<u>\$ 52,957,630</u>
Business-type activities:					
Net investment in capital assets	\$ 30,578,796	\$ 31,505,500	\$ 30,029,791	\$ 29,058,678	\$ 28,022,369
Restricted	938,662	943,561	932,588	879,772	808,324
Unrestricted	13,468,732	9,389,716	9,703,202	8,952,050	8,534,046
Total business-type activities net position	<u>\$ 44,986,190</u>	<u>\$ 41,838,777</u>	<u>\$ 40,665,581</u>	<u>\$ 38,890,500</u>	<u>\$ 37,364,739</u>
Primary government					
Net investment in capital assets	\$ 68,017,109	\$ 68,849,356	\$ 73,529,983	\$ 64,608,653	\$ 68,507,251
Restricted	1,384,619	1,821,089	2,177,051	879,772	808,324
Unrestricted	41,779,256	35,297,382	20,254,448	26,502,893	21,006,794
Total net position	<u>\$ 111,180,984</u>	<u>\$ 105,967,827</u>	<u>\$ 95,961,482</u>	<u>\$ 91,991,318</u>	<u>\$ 90,322,369</u>

Source: The source of this information is the City's financial records.

(Concluded)

CITY OF KINGMAN, ARIZONA
EXPENSES, PROGRAM REVENUES, AND NET EXPENSE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses					
Governmental activities:					
General government	\$ 5,353,769	\$ 5,198,867	\$ 5,315,740	\$ 4,616,031	\$ 4,761,050
Public safety	14,962,499	15,306,386	14,926,549	15,337,732	15,865,007
Highways and streets	4,791,529	4,038,716	4,269,435	4,499,627	4,085,526
Culture and recreation	3,770,234	3,751,168	3,873,742	3,826,798	4,574,132
Economic development	522,579	661,862	1,170,810	562,714	306,605
Interest on long-term debt	616,940	714,704	794,858	875,832	808,803
Total governmental activities	<u>30,017,550</u>	<u>29,671,703</u>	<u>30,351,134</u>	<u>29,718,734</u>	<u>30,401,123</u>
Business-type activities:					
Water	7,002,009	7,029,281	6,938,517	7,081,551	7,546,397
Wastewater	4,224,008	3,961,335	2,723,165	2,098,760	1,746,494
Sanitation	3,001,675	3,014,553	2,931,247	2,721,958	2,703,858
Total business-type activities	<u>14,227,692</u>	<u>14,005,169</u>	<u>12,592,929</u>	<u>11,902,269</u>	<u>11,996,749</u>
Total expenses	<u>44,245,242</u>	<u>43,676,872</u>	<u>42,944,063</u>	<u>41,621,003</u>	<u>42,397,872</u>
Program Revenues					
Governmental activities:					
Charges for services					
Culture and recreation	1,298,940	1,212,621	1,254,738	1,238,827	1,093,529
Economic development	462,675	354,734	258,415	463,055	737,699
Other	812,952	1,234,807	1,258,283	748,808	1,726,696
Operating grants and contributions	1,940,274	2,250,529	1,821,520	2,492,889	1,825,376
Capital grants and contributions	1,549,150	1,678,832	3,119,466	5,312,895	1,270,449
Total governmental activities	<u>6,063,991</u>	<u>6,731,523</u>	<u>7,712,422</u>	<u>10,256,474</u>	<u>6,653,749</u>
Business-type activities:					
Charges for services					
Water	8,531,967	8,420,703	8,224,873	8,787,008	7,723,005
Wastewater	7,544,469	6,120,036	4,960,562	3,846,079	3,370,892
Sanitation	3,317,741	3,314,137	3,329,620	3,305,488	3,336,841
Capital grants and contributions		2,061,111			
Total business-type activities	<u>19,394,177</u>	<u>19,915,987</u>	<u>16,515,055</u>	<u>15,938,575</u>	<u>14,430,738</u>
Total program revenues	<u>25,458,168</u>	<u>26,647,510</u>	<u>24,227,477</u>	<u>26,195,049</u>	<u>21,084,487</u>
Net Expense	<u>\$ (18,787,074)</u>	<u>\$ (17,029,362)</u>	<u>\$ (18,716,586)</u>	<u>\$ (15,425,954)</u>	<u>\$ (21,313,385)</u>

CITY OF KINGMAN, ARIZONA
EXPENSES, PROGRAM REVENUES, AND NET EXPENSE
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses					
Governmental activities:					
General government	\$ 4,812,710	\$ 5,338,793	\$ 4,897,625	\$ 4,195,447	\$ 3,507,294
Public safety	15,757,220	15,864,775	13,804,815	12,305,483	10,400,692
Highways and streets	5,548,153	1,314,715	7,308,071	4,625,284	4,250,651
Culture and recreation	4,916,992	4,662,109	3,838,881	3,993,673	3,680,328
Economic development	269,108	219,488	336,274	146,783	253,145
Interest on long-term debt	733,249	745,429	816,331	432,666	480,284
Total governmental activities	<u>32,037,432</u>	<u>28,145,309</u>	<u>31,001,997</u>	<u>25,699,336</u>	<u>22,572,394</u>
Business-type activities:					
Water	7,365,694	7,398,433	7,124,977	6,219,710	5,889,553
Wastewater	1,365,364	1,947,121	1,311,188	1,064,738	1,271,322
Sanitation	2,833,348	2,648,349	2,460,861	2,196,194	1,953,622
Total business-type activities	<u>11,564,406</u>	<u>11,993,903</u>	<u>10,897,026</u>	<u>9,480,642</u>	<u>9,114,497</u>
Total expenses	<u>43,601,838</u>	<u>40,139,212</u>	<u>41,899,023</u>	<u>35,179,978</u>	<u>31,686,891</u>
Program Revenues					
Governmental activities:					
Charges for services					
Culture and recreation	1,347,712	1,349,404	1,306,201	1,143,172	1,229,385
Economic development	878,552	1,033,205	1,479,729	130,383	705,684
Other	1,211,968	654,730	699,664	1,571,405	658,287
Operating grants and contributions	2,621,629	2,403,743	1,173,316	919,890	917,746
Capital grants and contributions	1,973,809	4,159,165	3,069,691	1,046,252	6,002,229
Total governmental activities	<u>8,033,670</u>	<u>9,600,247</u>	<u>7,728,601</u>	<u>4,811,102</u>	<u>9,513,331</u>
Business-type activities:					
Charges for services					
Water	9,153,960	8,602,871	7,406,521	6,203,590	5,765,371
Wastewater	2,791,018	2,301,410	2,674,379	2,312,960	1,820,319
Sanitation	3,292,757	3,152,197	2,800,752	2,184,776	2,067,270
Capital grants and contributions					
Total business-type activities	<u>15,237,735</u>	<u>14,056,478</u>	<u>12,881,652</u>	<u>10,701,326</u>	<u>9,652,960</u>
Total program revenues	<u>23,271,405</u>	<u>23,656,725</u>	<u>20,610,253</u>	<u>15,512,428</u>	<u>19,166,291</u>
Net Expense	<u>\$ (20,330,433)</u>	<u>\$ (16,482,487)</u>	<u>\$ (21,288,770)</u>	<u>\$ (19,667,550)</u>	<u>\$ (12,520,600)</u>

Source: The source of this information is the City's financial records.

CITY OF KINGMAN, ARIZONA
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Expense	\$ (18,787,074)	\$ (17,029,362)	\$ (18,716,586)	\$ (15,425,954)	\$ (21,313,385)
General Revenues:					
Governmental activities:					
Taxes:					
Sales taxes	12,807,658	11,641,816	11,264,735	11,648,543	12,024,409
Property taxes			1,495	20,169	437,457
Auto lieu taxes	1,294,678	1,309,913	1,275,096	1,290,144	1,375,193
Franchise taxes	684,455	702,454	744,872	657,793	804,964
Unrestricted state shared revenue	7,328,198	6,541,472	6,684,959	7,229,643	8,230,525
Investment income	130,247	125,298	247,903	207,908	259,194
Miscellaneous	624,976	79,443	70,562	17,850	14,631
Transfers	988,336	(468,671)	1,024,919	961,651	1,221,545
Total governmental activities	<u>23,858,548</u>	<u>19,931,725</u>	<u>21,314,541</u>	<u>22,033,701</u>	<u>24,367,918</u>
General Revenues:					
Business-type activities:					
Investment income (loss)	160,522	108,061	211,220	154,924	132,162
Miscellaneous	252,823	739,096	841,095		
Transfers	(988,336)	468,671	(1,024,919)	(961,651)	(1,221,545)
Total business-type activities	<u>(574,991)</u>	<u>1,315,828</u>	<u>27,396</u>	<u>(806,727)</u>	<u>(1,089,383)</u>
Changes in Net Position	<u>\$ 4,496,483</u>	<u>\$ 4,218,191</u>	<u>\$ 2,625,351</u>	<u>\$ 5,801,020</u>	<u>\$ 1,965,150</u>

CITY OF KINGMAN, ARIZONA
GENERAL REVENUES AND TOTAL CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Net Expense	\$ (20,330,433)	\$ (16,482,487)	\$ (21,288,770)	\$ (19,667,550)	\$ (12,520,600)
General Revenues:					
Governmental activities:					
Taxes:					
Sales taxes	12,990,502	14,070,401	14,359,943	12,090,746	10,042,792
Property taxes	430,630	430,666	311,232	520,167	444,768
Auto lieu taxes	1,501,803	1,569,940	1,441,076	1,254,006	1,143,439
Franchise taxes	730,892	711,893	680,628	532,972	506,033
Unrestricted state shared revenue	8,702,727	8,192,336	7,048,226	6,298,893	5,880,436
Investment income	778,418	1,000,211	915,471	331,888	160,478
Miscellaneous	12,796		12,243	55,496	
Transfers	<u>921,738</u>	<u>1,402,764</u>	<u>699,660</u>	<u>(52,746)</u>	<u>615,046</u>
Total governmental activities	<u>26,069,506</u>	<u>27,378,211</u>	<u>25,468,479</u>	<u>21,031,422</u>	<u>18,792,992</u>
General Revenues:					
Business-type activities:					
Investment income (loss)	395,822	513,385	490,115	252,331	118,865
Transfers	<u>(921,738)</u>	<u>(1,402,764)</u>	<u>(699,660)</u>	<u>52,746</u>	<u>(615,046)</u>
Total business-type activities	<u>(525,916)</u>	<u>(889,379)</u>	<u>(209,545)</u>	<u>305,077</u>	<u>(496,181)</u>
Changes in Net Position	<u>\$ 5,213,157</u>	<u>\$ 10,006,345</u>	<u>\$ 3,970,164</u>	<u>\$ 1,668,949</u>	<u>\$ 5,776,211</u>

Source: The source of this information is the City's financial records.

CITY OF KINGMAN, ARIZONA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund:					
Committed	\$ 1,051,250	\$ 958,534	\$ 936,189		
Assigned	87,157	83,026	78,600		
Unassigned	6,649,740	6,556,730	7,257,140		
Unreserved				\$ 8,855,139	\$ 8,625,441
Total General Fund	<u>\$ 7,788,147</u>	<u>\$ 7,598,290</u>	<u>\$ 8,271,929</u>	<u>\$ 8,855,139</u>	<u>\$ 8,625,441</u>
All Other Governmental Funds:					
Restricted	\$ 6,665,017	\$ 5,861,993	\$ 8,151,564		
Committed		515,350	874,445		
Assigned	1,879,343	1,301,280	844,458		
Unreserved, reported in:					
Special revenue funds				\$ 1,355,093	\$ 1,643,226
Capital projects funds				4,085,795	5,806,257
Debt service funds				4,389,957	5,364,014
Total all other governmental funds	<u>\$ 8,544,360</u>	<u>\$ 7,678,623</u>	<u>\$ 9,870,467</u>	<u>\$ 9,830,845</u>	<u>\$ 12,813,497</u>

CITY OF KINGMAN, ARIZONA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund:					
Unreserved	\$ 8,810,167	\$ 8,835,853	\$ 8,115,165	\$ 6,717,374	\$ 5,633,713
Total General Fund	\$ 8,810,167	\$ 8,835,853	\$ 8,115,165	\$ 6,717,374	\$ 5,633,713
All Other Governmental Funds:					
Unreserved, reported in:					
Special revenue funds	\$ 1,540,129	\$ 1,646,709	\$ 1,864,903	\$ 1,962,659	\$ 2,055,078
Capital projects funds	4,127,878	3,869,683	4,423,864	1,903,521	1,558,676
Debt service funds	3,279,316	3,249,476	3,056,969	1,137,857	850,756
Total all other governmental funds	\$ 8,947,323	\$ 8,765,868	\$ 9,345,736	\$ 5,004,037	\$ 4,464,510

Source: The source of this information is the City's financial records.

Note: The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in fiscal year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

CITY OF KINGMAN, ARIZONA
GOVERNMENTAL FUNDS REVENUES
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Taxes	\$ 14,786,791	\$ 13,654,183	\$ 13,286,198	\$ 13,616,649	\$ 14,642,023
Licenses and permits	105,838	108,992	314,819	74,280	75,476
Intergovernmental	10,801,137	9,286,440	10,953,747	10,567,956	10,760,995
Charges for services	1,960,633	1,687,949	1,355,590	1,819,751	2,084,053
Fines and forfeits	278,219	290,488	269,943	260,767	296,701
Investment income	103,158	89,925	185,896	153,841	207,536
Special assessments	1,199,283	1,283,107	1,247,070	1,072,622	3,232,765
Development investment fees		399,094	582,054	99,817	898,950
Miscellaneous	948,777	391,347	445,739	365,075	236,569
Total revenues	<u>\$ 30,183,836</u>	<u>\$ 27,191,525</u>	<u>\$ 28,641,056</u>	<u>\$ 28,030,758</u>	<u>\$ 32,435,068</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Taxes	\$ 15,661,691	\$ 16,776,012	\$ 16,924,397	\$ 14,285,265	\$ 12,137,032
Licenses and permits	78,852	78,245	67,308	99,093	91,712
Intergovernmental	12,489,710	12,993,888	8,667,943	8,002,527	7,739,706
Charges for services	2,556,038	2,334,372	2,802,844	2,328,004	2,118,659
Fines and forfeits	343,852	432,907	369,574	262,451	220,164
Investment income	619,192	837,405	796,102	272,219	135,203
Special assessments	808,455	1,472,051	2,420,938	745,432	666,365
Miscellaneous	459,490	481,120	460,463	337,943	410,941
Total revenues	<u>\$ 33,017,280</u>	<u>\$ 35,406,000</u>	<u>\$ 32,509,569</u>	<u>\$ 26,332,934</u>	<u>\$ 23,519,782</u>

Source: The source of this information is the City's financial records.

CITY OF KINGMAN, ARIZONA
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenditures:					
Current -					
General government	\$ 4,539,105	\$ 4,678,344	\$ 4,814,224	\$ 4,455,010	\$ 4,455,724
Public safety	14,045,641	14,243,346	13,347,817	13,930,915	14,635,020
Highways and streets	3,161,449	2,499,309	2,732,646	2,995,398	3,018,176
Culture and recreation	3,421,827	3,369,620	3,482,574	3,431,368	3,635,466
Economic development	528,376	647,842	1,121,263	488,824	263,220
Capital outlay	2,331,545	1,848,176	1,881,961	3,563,268	4,614,786
Debt service -					
Bond issuance costs					112,230
Principal retirement	1,834,274	2,012,640	1,929,322	1,704,085	2,115,553
Interest and fiscal charges	599,386	694,760	772,656	851,495	670,219
Total expenditures	<u>\$ 30,461,603</u>	<u>\$ 29,994,037</u>	<u>\$ 30,082,463</u>	<u>\$ 31,420,363</u>	<u>\$ 33,520,394</u>
Expenditures for capitalized assets	\$ 2,025,792	\$ 1,739,465	\$ 1,618,947	\$ 2,705,171	\$ 3,693,462
Debt service as a percentage of noncapital expenditures	9%	10%	9%	9%	9%

(Continued)

CITY OF KINGMAN, ARIZONA
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenditures:					
Current -					
General government	\$ 5,082,263	\$ 5,063,071	\$ 4,854,321	\$ 3,940,385	\$ 3,473,875
Public safety	15,131,180	14,544,337	13,325,125	11,558,946	10,048,924
Highways and streets	3,717,739	4,387,787	3,450,186	3,174,550	2,927,820
Culture and recreation	4,568,448	4,226,004	3,585,219	3,673,432	3,374,117
Economic development	235,850	227,364	269,440	231,201	229,980
Capital outlay	2,406,306	7,820,600	9,189,659	1,900,640	4,190,857
Debt service -					
Bond issuance costs			218,294		
Principal retirement	1,998,234	1,518,059	904,458	919,346	780,295
Interest and fiscal charges	733,249	745,429	728,462	432,666	480,284
Total expenditures	<u>\$ 33,873,269</u>	<u>\$ 38,532,651</u>	<u>\$ 36,525,164</u>	<u>\$ 25,831,166</u>	<u>\$ 25,506,152</u>
Expenditures for capitalized assets	\$ 1,848,135	\$ 6,916,188	\$ 8,980,940	\$ 315,678	\$ 3,702,986
Debt service as a percentage of noncapital expenditures	9%	7%	6%	5%	6%

Source: The source of this information is the City's financial records.

(Concluded)

CITY OF KINGMAN, ARIZONA
OTHER FINANCING SOURCES AND USES AND NET CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Excess (deficiency) of revenues over expenditures	\$ (277,767)	\$ (2,802,512)	\$ (1,441,407)	\$ (3,389,605)	\$ (1,085,326)
Other financing sources (uses):					
Obligations under capital leases			197,900		
Special assessment bonds issued					3,880,000
Proceeds from sale of capital assets	349,025				
Transfers in	3,417,672	3,047,349	2,936,992	3,557,643	4,596,935
Transfers out	<u>(2,433,336)</u>	<u>(3,110,320)</u>	<u>(2,237,073)</u>	<u>(2,920,992)</u>	<u>(3,710,161)</u>
Total other financing sources (uses)	<u>1,333,361</u>	<u>(62,971)</u>	<u>897,819</u>	<u>636,651</u>	<u>4,766,774</u>
Changes in fund balances	<u>\$ 1,055,594</u>	<u>\$ (2,865,483)</u>	<u>\$ (543,588)</u>	<u>\$ (2,752,954)</u>	<u>\$ 3,681,448</u>
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Excess (deficiency) of revenues over expenditures	\$ (855,989)	\$ (3,126,651)	\$ (4,015,595)	\$ 501,768	\$ (1,986,370)
Other financing sources (uses):					
Obligations under capital leases	453,600				
General obligation bonds issued			2,850,000		
Special assessment bonds issued		114,707	6,325,000		
Loan proceeds		2,000,000			
Premium on sale of bonds			130,425		
Capital contributions				55,496	
Transfers in	3,095,978	4,270,883	2,905,740	3,046,894	2,564,824
Transfers out	<u>(2,537,820)</u>	<u>(3,118,119)</u>	<u>(2,456,080)</u>	<u>(1,980,970)</u>	<u>(2,189,945)</u>
Total other financing sources (uses)	<u>1,011,758</u>	<u>3,267,471</u>	<u>9,755,085</u>	<u>1,121,420</u>	<u>374,879</u>
Changes in fund balances	<u>\$ 155,769</u>	<u>\$ 140,820</u>	<u>\$ 5,739,490</u>	<u>\$ 1,623,188</u>	<u>\$ (1,611,491)</u>

Source: The source of this information is the City's financial records.

**CITY OF KINGMAN, ARIZONA
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS**

Overlapping Rates					
Fiscal Year Ended June 30	City of Kingman	City of Kingman Hospitality	City of Kingman Restaurant/Bar	Mohave County	Arizona State
2013	2.00	4.00	2.00	0.25	6.60
2012	2.00	4.00	2.00	0.25	6.60
2011	2.00	4.00		0.25	6.60
2010	2.00	4.00		0.25	6.60
2009	2.00	2.00		0.25	5.60
2008	2.00	2.00		0.25	5.60
2007	2.00	2.00		0.25	5.60
2006	2.00	2.00		0.25	5.60
2005	2.00	2.00		0.25	5.60
2004	2.00	2.00		0.25	5.60

Source: The source of this information is the Arizona Department of Revenue.

Note: The City of Kingman Restaurant/Bar tax began in the fiscal year ended 2012, therefore information prior to 2012 is not presented.

**CITY OF KINGMAN, ARIZONA
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS
(Modified accrual basis of accounting)**

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Construction	\$ 629,605	\$ 639,713	\$ 705,221	\$ 1,204,811	\$ 1,419,917
Manufacturing	237,434	238,510	230,986	370,772	283,793
Transportation, Communications and Utilities	457,619	675,308	707,440	679,552	620,639
Wholesale Trade	408,394	440,940	451,072	462,183	444,032
Retail Trade	6,066,455	5,876,279	5,600,574	5,574,966	6,142,681
Restaurants and Bars	2,350,096	1,683,031	1,186,983	1,138,191	1,165,015
Finance Insurance and Real Estate	635,710	588,454	697,416	625,439	626,006
Hotels and Other Lodging	1,050,076	1,115,913	1,163,676	824,189	705,129
Services	513,896	433,964	379,871	494,812	402,171
Arts, Entertainment, Government and All Others Not Specified	188,700	219,374	141,495	273,508	215,027
Total	<u><u>\$ 12,537,985</u></u>	<u><u>\$ 11,911,486</u></u>	<u><u>\$ 11,264,734</u></u>	<u><u>\$ 11,648,423</u></u>	<u><u>\$ 12,024,410</u></u>

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Construction	\$ 1,132,750	\$ 1,586,084	\$ 2,231,440	\$ 1,620,707	\$ 1,232,459
Manufacturing	340,977	475,834	434,644	435,791	247,029
Transportation, Communications and Utilities	645,208	619,258	613,590	540,625	527,317
Wholesale Trade	614,780	631,538	653,994	536,807	312,971
Retail Trade	6,994,596	7,439,939	7,491,628	6,132,314	5,096,470
Restaurants and Bars	1,139,837	1,114,941	1,083,975	944,326	724,323
Finance Insurance and Real Estate	633,877	610,601	621,219	509,074	299,781
Hotels and Other Lodging	771,648	765,665	702,596	645,808	588,854
Services	508,895	539,178	532,846	487,646	650,023
Arts, Entertainment, Government and All Others Not Specified	207,934	287,363	211,986	237,649	588,563
Total	<u><u>\$ 12,990,502</u></u>	<u><u>\$ 14,070,401</u></u>	<u><u>\$ 14,577,918</u></u>	<u><u>\$ 12,090,747</u></u>	<u><u>\$ 10,267,790</u></u>

Source: The source of this information is the City's financial records.

**CITY OF KINGMAN, ARIZONA
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year Ended June 30	Governmental Activities							Business-type Activities			
	Excise Tax Revenue Bonds	Less: Amounts Restricted for Principal	Special Assessment Bonds	Less: Amounts Restricted for Principal	Net Total	Capital Leases	Loans Payable	Gross Total Debt	Capital Leases	Loans Payable	Gross Total Debt
2013	\$ 2,810,000	\$ 109,188	\$ 7,084,129	\$ 3,141,523	\$ 6,643,418	\$ 568,144	\$	\$ 10,462,273	\$ 775,833	\$ 43,186,134	\$ 43,961,967
2012	3,295,000	110,179	8,237,045	2,887,183	8,534,683	703,024		12,235,069	906,399	43,574,689	44,481,088
2011	3,745,000	110,784	9,328,616	3,238,472	9,724,360	830,225	350,000	10,904,585	1,029,795	36,518,174	37,547,969
2010	4,160,000	415,000	10,364,859	1,036,243	13,073,616	764,278	700,000	14,537,894	1,146,417	28,784,054	29,930,471
2009	4,975,000	815,000	11,217,205	852,346	14,524,859	837,756	1,100,000	16,462,615	1,256,634	7,307,221	8,563,855
2008	5,745,000	770,000	8,153,036	815,831	12,312,205	907,200	1,550,000	14,769,405	1,360,800	4,395,714	5,756,514
2007	6,470,000	725,000	8,931,270	778,234	13,898,036		2,000,000	15,898,036		2,292,115	2,292,115
2006	7,005,000	535,000	9,609,622	785,134	15,294,488			15,294,488		2,706,300	2,706,300
2005	4,660,000	505,000	3,654,080	369,458	7,439,622			7,439,622		3,106,858	3,106,858
2004	5,130,000	470,000	4,145,426	491,346	8,314,080			8,314,080		N/A	N/A

Total Governmental and Business-type Activities Outstanding Debt

Fiscal Year Ended June 30	Gross Total Debt	Percentage of Estimated Actual Value	Percentage of Personal Income	Per Capita
2013	\$ 54,424,240	5.44 %	0.05 %	1,921
2012	56,716,157	2.20	0.05	2,021
2011	48,452,554	1.88	0.05	1,729
2010	44,468,365	1.73	0.06	1,523
2009	25,026,470	1.65	0.10	868
2008	20,525,919	1.35	0.12	717
2007	18,190,151	1.20	0.13	659
2006	18,000,788	1.41	0.12	690
2005	10,546,480	0.92	0.20	429
2004	8,314,080	0.78	0.24	365

Source: The source of this information is the City's financial records.

Note: N/A indicates that the information is not available.

**CITY OF KINGMAN, ARIZONA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Legal Debt Margin Calculation for Fiscal Year 2013:

Secondary assessed valuation	\$ 197,582,254
Debt limit (6% of assessed value)	11,854,935
Debt applicable to limit	2,810,000
Legal debt margin	\$ 9,044,935

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Debt limit equal to 6% of assessed valuation	\$ 11,854,935	\$ 15,803,800	\$ 18,580,084	\$ 18,689,250	\$ 20,061,270
Total net debt applicable to limit	2,810,000	3,295,000	3,745,000	4,160,000	2,945,000
Legal debt margin	\$ 9,044,935	\$ 12,508,800	\$ 15,285,084	\$ 14,529,250	\$ 17,116,270
Total net debt applicable to the limit as a percentage of debt limit	24%	21%	18%	22%	15%
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Debt limit	\$ 14,810,118	\$ 11,675,549	\$ 9,564,761	\$ 8,923,919	\$ 8,420,763
Total net debt applicable to limit	3,500,000	4,025,000	4,370,000	4,660,000	5,130,000
Legal debt margin	\$ 11,310,118	\$ 7,650,549	\$ 5,194,761	\$ 4,263,919	\$ 3,290,763
Total net debt applicable to the limit as a percentage of debt limit	24%	34%	46%	52%	61%

Source: The source of this information is the City's financial records.

Note: The City has no debt applicable to the 20% debt limit of \$39,516,451.

CITY OF KINGMAN, ARIZONA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2013

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable to City	Estimated Amount Applicable to City
Kingman Unified School District	\$ 70,315,000	35.27 %	\$ 24,800,101
Subtotal, Overlapping Debt			24,800,101
Direct:			
City of Kingman, AZ			10,462,273
Total Direct and Overlapping Debt			\$ 35,262,374

Source: The source of this information is the City's records and the State and County Abstract of the Assessment Arizona Department of Revenue and the applicable governmental unit.

- Notes:**
- 1) Outstanding debt as of June 30, 2012 is presented for the overlapping governments as this is the most recent available information.
 - 2) The estimated percentage of debt outstanding applicable to the City is calculated based on the City's secondary assessed valuation as a percentage of the secondary assessed valuation of the overlapping jurisdiction.

**CITY OF KINGMAN, ARIZONA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Excise Tax Revenue Bonds										
Excise Tax Revenue	\$ 23,101,621	\$ 18,344,361	\$ 18,106,118	\$ 19,359,466	\$ 21,228,915	\$ 22,896,032	\$ 23,567,269	\$ 22,598,686	\$ 18,760,314	\$ 15,950,231
Debt Service										
Principal	590,000	485,000	450,000	460,125	445,750	436,125	421,125	255,875	255,500	244,750
Interest	123,819	145,219	164,713	137,188	146,875	157,200	167,400	65,875	70,500	74,750
Total Annual Requirement	713,819	630,219	614,713	597,313	592,625	593,325	588,525	321,750	326,000	319,500
Estimated Coverage	32.4	29.1	29.5	32.4	35.8	38.6	40.0	70.2	57.5	49.9
Water Infrastructure Financing Authority (WIFA) Loans										
Wastewater Utility Revenue	\$ 5,905,330	\$ 3,544,586	\$ 2,945,758	\$ 1,745,223	\$ 1,927,194					
Debt Payments										
Principal	2,154,752	1,956,193	1,415,635							
Interest and fees	1,542,839	1,365,941	653,395	305,760	50,956					
Total Annual Requirement	3,697,591	3,322,134	2,069,030	305,760	50,956					
Estimated Coverage	1.6	1.1	1.4	5.7	37.8					

Source: The source of this information is the City's financial records.

Notes: 1) Only four years are presented, as the WIFA Loans were entered into during fiscal year 2008-09.

2) WIFA waived the City's rate covenant requirement for the fiscal year 2011-12 based on projections made at the time the agreement for Loan 910149-11 was executed.

**CITY OF KINGMAN, ARIZONA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

<u>Year</u>	<u>Population</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2012	28,336	\$ 5,534,671	\$ 27,220	10.9 %
2011	28,068	5,290,530	26,145	10.8
2010	28,029	5,249,000	25,165	10.7
2009	29,189	5,101,000	28,018	10.4
2008	28,823	5,124,115	26,197	9.7
2007	28,635	4,682,940	23,908	3.9
2006	27,605	4,512,952	23,548	3.6
2005	26,100	4,115,919	22,055	2.8
2004	24,600	3,743,202	20,846	2.5
2003	22,785	3,444,542	20,013	3.3

Sources: The source of the "Personal Income" and "Per Capita" information is the Bureau of Economic Analysis. The source of the "Population" and "Unemployment Rate" information is the State of Arizona, Department of Economic Security.

**CITY OF KINGMAN, ARIZONA
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND FISCAL YEAR NINE YEARS AGO**

<u>Employer</u>	<u>2013</u>		<u>2004</u>	
	<u>Employees</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Percentage of Total Employment</u>
Kingman Regional Medical Center	1,630	3.69 %	800	1.64 %
Mohave County	1,325	3.00	1,147	2.36
Kingman Unified School District No. 20	985	2.23	881	1.81
Mohave Community College	700	1.58	197	0.40
American Woodmark Corporation	500	1.13	360	0.74
Wal-Mart	470	1.06	220	0.45
Citizens Utilities (Unisource)	360	0.81	450	0.92
City of Kingman	331	0.75	305	0.63
State of Arizona	278	0.63	278	0.57
K-Mart	160	0.36	165	0.34
Petro Truck Stop	145	0.33	150	0.31
Proving Grounds Company	115	0.26	200	0.41
TruServ	90	0.20	165	0.34
Total	<u>7,089</u>	<u>16.03 %</u>	<u>5,318</u>	<u>10.92 %</u>
Total Employment	<u>44,200</u>		<u>48,700</u>	

- Sources:** 1) The source of the 2004 and 2013 employee figures is City of Kingman Planning and Zoning and an individual employer survey.
2) The source of the total employment figures is the Arizona Workforce Informer.

CITY OF KINGMAN, ARIZONA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees as of June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Government					
City Administration	8	8	12	12	10
Human Resources	4	4	4	4	4
City Clerk	3	3	4	4	3
City Attorney	6	6	7	7	7
Municipal Court	9	9	9	9	9
Finance	13	13	14	14	14
Total general government	<u>43</u>	<u>43</u>	<u>50</u>	<u>50</u>	<u>47</u>
Public Safety					
Police	85	85	87	87	87
Firefighters	53	53	56	56	59
Total public safety	<u>138</u>	<u>138</u>	<u>143</u>	<u>143</u>	<u>146</u>
Public Works					
Engineering	15	15	23	22	22
Others	22	22	45	44	44
Total public works	<u>37</u>	<u>37</u>	<u>68</u>	<u>66</u>	<u>66</u>
Parks and Recreation	33	35	40	40	40
Information Systems	7	7	7	7	7
City Development	11	10	18	19	19
Sanitation	17	17	17	17	17
Water and Wastewater	44	44	33	30	30
Total support and administration	<u>112</u>	<u>113</u>	<u>115</u>	<u>113</u>	<u>113</u>
Total	<u><u>330</u></u>	<u><u>331</u></u>	<u><u>376</u></u>	<u><u>372</u></u>	<u><u>372</u></u>

(Continued)

**CITY OF KINGMAN, ARIZONA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

	Full-time Equivalent Employees as of June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government					
City Administration	10	12	9	8	8
Human Resources	4	5	4	3	2
City Clerk	3	3	3	4	4
City Attorney	7	7	6	6	6
Municipal Court	9	9	8	7	7
Finance	14	14	12	11	11
Total general government	<u>47</u>	<u>50</u>	<u>42</u>	<u>39</u>	<u>38</u>
Public Safety					
Police	87	87	83	80	78
Firefighters	59	59	56	54	46
Total public safety	<u>146</u>	<u>146</u>	<u>139</u>	<u>134</u>	<u>124</u>
Public Works					
Engineering	22	23	23	21	18
Others	44	44	40	35	33
Total public works	<u>66</u>	<u>67</u>	<u>63</u>	<u>56</u>	<u>51</u>
Parks and Recreation	40	40	40	39	38
Information Systems	7	7	6	4	4
City Development	19	21	24	18	15
Sanitation	17	17	15	14	13
Water and Wastewater	30	30	30	27	25
Total support and administration	<u>113</u>	<u>115</u>	<u>115</u>	<u>102</u>	<u>95</u>
Total	<u><u>372</u></u>	<u><u>378</u></u>	<u><u>359</u></u>	<u><u>331</u></u>	<u><u>308</u></u>

Source: The source of this information is the City's Annual Budget.

(Concluded)

**CITY OF KINGMAN, ARIZONA
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year Ended June 30									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	85	80	78	74	74	78	78	67	62	60
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire vehicles	29	27	27	27	27	28	28	27	24	23
Streets										
Streets (miles)	215	215	215	215	215	215	215	215	215	210
Streetlights	851	851	851	851	851	851	851	851	848	845
Traffic signals	24	24	24	24	20	20	18	17	16	14
Solid Waste										
Collection trucks	26	25	23	23	21	21	19	18	17	16
Parks and Recreation										
Parks developed	13	13	13	13	13	13	13	13	12	12
Parks acreage	146	146	146	146	146	146	146	146	144	144
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	1	4	4	4	4	4	4	4
Community centers	1	1	1	1	1	1	1	1	1	1
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	564	564	564	564	564	564	562	560	555	552
Fire hydrants	2,485	2,485	2,485	2,485	2,485	2,485	2,485	2,218	2,215	2,212
Wastewater										
Sanitary sewers (miles)	199	199	199	199	199	198	191	134	130	130
Manholes	2,997	2,997	2,997	2,997	2,997	2,997	2,885	1,842	1,839	1,839

Source: The source of this information is the City's facilities records.

**CITY OF KINGMAN, ARIZONA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS**

	Fiscal Year Ended June 30				
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities					
General Government					
Business licenses issued	2,430	2,441	2,825	2,892	2,392
Voters served	15,966	16,000	17,000	19,000	18,000
Public records requests	46	46	50	210	156
Prosecutions	1,203	1,300	1,300	1,150	1,020
Legal opinions	50-70	40-50	40-50	40-50	40-50
Civil litigation	5	3-7	2-5	3-7	2-5
Case filings	3,600	5,600	5,600	5,580	5,073
Case terminations	724	6,000	6,000	6,132	5,575
Computers installed and supported	295	295	295	295	295
Phones installed and supported	244	244	244	244	244
Public Safety					
Total calls for service	40,000	40,453	31,911	32,000	29,161
Total arrests	2,900	3,153	3,117	3,300	3,136
Traffic accidents	950	996	999	1,200	1,139
Alarm runs	650	715	794	900	892
VIP program - volunteers	20	14	14	20	15
Clearance Rate - Part I offenses	75%	70%	60%	65%	63%
Clearance Rate - Part II offenses	75%	70%	60%	65%	63%
Response Time - Under 5 min. emergency	80%	N/A	69%	70%	45%
Response Time - Under 8 min. non-emergency	70%	N/A	61%	60%	51%
Fire inspections	1,850	2,129	2,100	2,100	1,950
Plan reviews - fire	180	160	144	150	120
Public education programs - fire	245	245	257	150	200
Nuisance abatement	212	238	169	200	180
Highway & Streets					
Paved streets maintained (miles)	208	208	208	208	208
Dirt streets maintained (miles)	16	16	16	16	17
Traffic signals maintained	24	17	18	17	17
Street lights maintained	851	850	850	850	850
Culture and Recreation					
Acres of ground maintained	269	269	269	269	268
Miles of medians and trails maintained	15.5	15.5	15.5	15.5	15.0
Number of sites maintained	20	19	19	19	19
Business-type Activities					
Water					
Acre feet of water pumped	7,995	7,963	7,895	7,982	8,235
Number of meters	19,813	19,763	19,723	19,652	19,652
Percentage of water loss	11.00	9.00	4.00	N/A	4.79
Wastewater					
Total influent Hilltop WWTP (gallons)	528,000,000	569,430,000	547,000,000	575,000,000	555,440,000
Total influent Downtown WWTP (gallons)	96,000,000	76,322,000	113,150,000	113,150,000	113,150,000
Number of sewer lines cleaned/televised (feet)	375,000	457,800	325,000	325,000	325,000
Sanitation					
Landfill tonnage	21,598	22,104	21,614	21,560	22,047
Number of landfill trips	3,631	3,623	3,536	3,496	3,649
Number of residential accounts	9,918	10,075	9,899	10,308	9,877
Number of commercial accounts	924	910	925	1,059	926

**CITY OF KINGMAN, ARIZONA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST EIGHT FISCAL YEARS**

	Fiscal Year Ended June 30		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities			
General Government			
Business licenses issued	2,704	2,250	2,109
Voters served	17,528	14,124	14,485
Public records requests	102	76	N/A
Prosecutions	1,200	1,300	1,300
Legal opinions	30-40	40	40
Civil litigation	4	5-10	5-15
Case filings	4,612	5,100	N/A
Case terminations	5,068	6,000	N/A
Computers installed and supported	290	271	N/A
Phones installed and supported	232	200	N/A
Public Safety			
Total calls for service	31,313	37,000	35,000
Total arrests	3,512	3,300	3,200
Traffic accidents	1,253	1,500	1,500
Alarm runs	979	1,500	3,000
VIP program - volunteers	3	8	N/A
Clearance Rate - Part I offenses	63%	65%	N/A
Clearance Rate - Part II offenses	63%	65%	N/A
Response Time - Under 5 min. emergency	45%	70%	N/A
Response Time - Under 8 min. non-emergency	51%	60%	N/A
Fire inspections	2,299	1,986	1,839
Plan reviews - fire	326	2,390	2,214
Public education programs - fire	222	180	167
Nuisance abatement	135	331	307
Highway & Streets			
Paved streets maintained (miles)	204	204	188
Dirt streets maintained (miles)	17	17	19
Traffic signals maintained	17	17	17
Street lights maintained	850	850	750
Culture and Recreation			
Acres of ground maintained	263	263	260
Miles of medians and trails maintained	14.5	15	13
Number of sites maintained	18	18	17
Business-type Activities			
Water			
Acre feet of water pumped	9,082	8,677	9,497
Number of meters	19,382	19,382	19,382
Percentage of water loss	5.80	7.70	6.70
Wastewater			
Total influent Hilltop WWPT (gallons)	549,449,000	668,239,000	557,000,000
Total influent Downtown WWTP (gallons)	113,150,000	113,150,000	113,150,000
Number of sewer lines cleaned/televised (feet)	300,000	450,000	350,000
Sanitation			
Landfill tonnage	23,228	24,470	25,418
Number of landfill trips	3,836	3,951	4,110
Number of residential accounts	9,777	9,695	9,501
Number of commercial accounts	936	925	896

Source: City of Kingman Adopted Budget performance measures

Notes: N/A indicates that the information is not available.

Information prior to 2006 is not available.