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# CITY OF KINGMAN, ARIZONA

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## Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2014



**CITY OF KINGMAN, ARIZONA**

**KINGMAN, ARIZONA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Issued by:  
Financial Services Department

# CITY OF KINGMAN, ARIZONA

## TABLE OF CONTENTS

<b><u>INTRODUCTORY SECTION</u></b>	<b><u>Page</u></b>
Letter of Transmittal	i
GFOA Certificate of Excellence	vi
Organization Chart	vii
List of Elected and Appointed Officials	viii
<b><u>FINANCIAL SECTION</u></b>	
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)

<b><u>FINANCIAL SECTION (Cont'd)</u></b>	<b><u>Page</u></b>
Notes to Financial Statements	41
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
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
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
<b>Governmental Funds:</b>	
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
<b>Special Revenue Funds:</b>	
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
<b>Debt Service Funds:</b>	
Combining Balance Sheet	92

# CITY OF KINGMAN, ARIZONA

## TABLE OF CONTENTS (Cont'd)

<b><u>FINANCIAL SECTION (Concl'd)</u></b>	<b><u>Page</u></b>
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	108
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	110
Combining Statement of Cash Flows	112
<b><u>STATISTICAL SECTION</u></b>	
Financial Trends:	
Net Position by Component	116
Expenses, Program Revenues, and Net Expense	118
General Revenues and Total Changes in Net Position	120
Fund Balances - Governmental Funds	122
Governmental Funds Revenues	124
Governmental Funds Expenditures and Debt Service Ratio	125
Other Financing Sources and Uses and Net Changes in Fund Balances - Governmental Funds	127

**CITY OF KINGMAN, ARIZONA**

**TABLE OF CONTENTS (Concl'd)**

<b><u>STATISTICAL SECTION (Concl'd)</u></b>	<b><u>Page</u></b>
Revenue Capacity:	
Direct and Overlapping Sales Tax Rates	128
Taxable Sales by Category	129
Debt Capacity:	
Outstanding Debt by Type	130
Legal Debt Margin Information	131
Direct and Overlapping Governmental Activities Debt	132
Direct and Overlapping General Bonded Debt Ratios	132
Pledged Revenue Coverage	133
Demographic and Economic Information:	
Demographic and Economic Statistics	134
Principal Employers	135
Operating Information:	
Full-Time Equivalent City Government Employees by Function/Program	136
Capital Assets Statistics by Function	138
Operating Indicators by Function/Program	139

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## **INTRODUCTORY SECTION**

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*City of Kingman*

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

December 19, 2014

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, 2014.

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, 2014, 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, 2014, 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 18,600 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 2014, was 8.0 percent. This is above the state's rate of 6.9 percent and below the county's rate of 8.6 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, 2013. This was the ninth 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 ended June 30, 2014 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,

  
John Dougherty  
City Manager

  
Coral Loyd  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

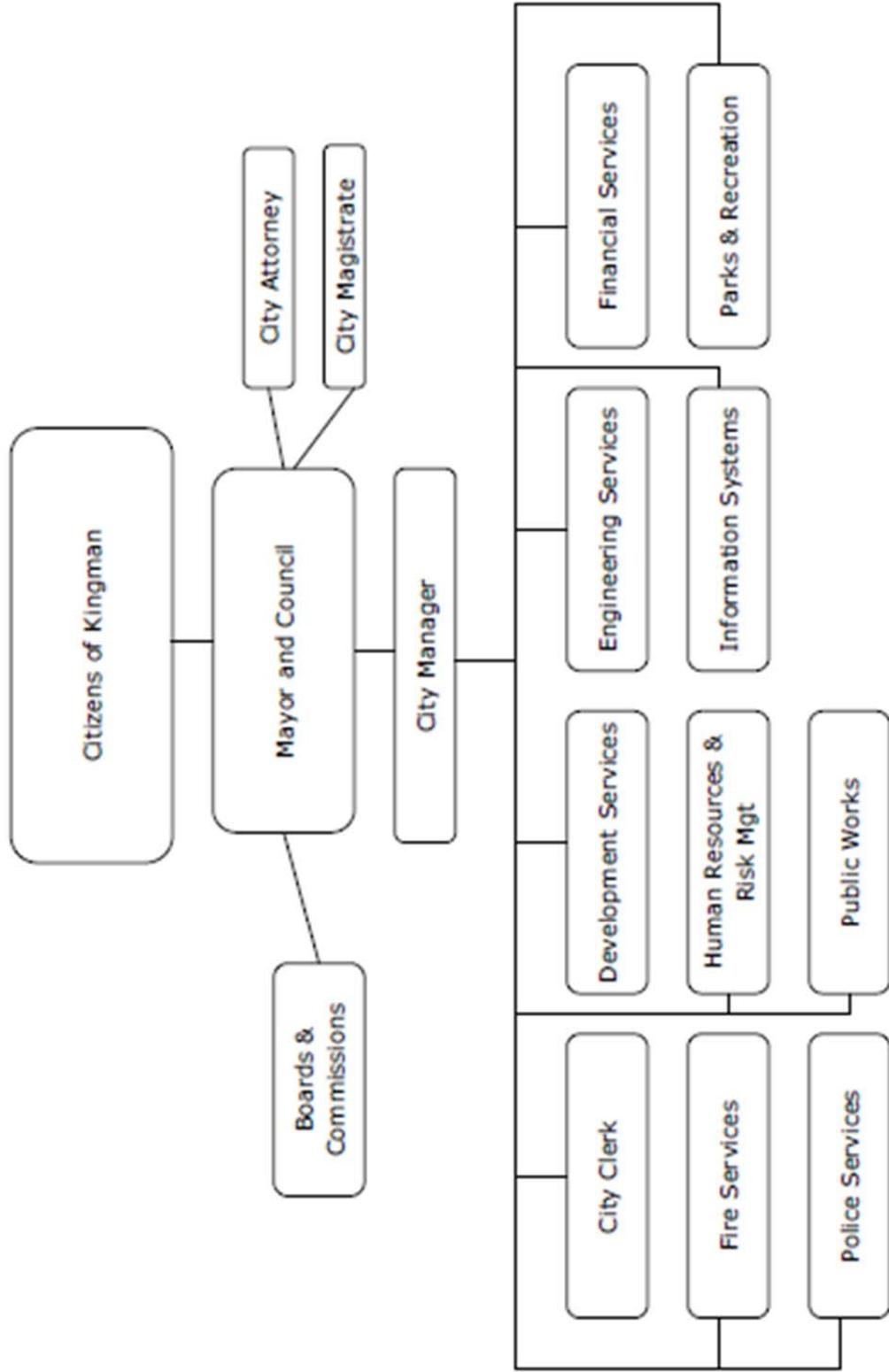
**City of Kingman  
Arizona**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

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

John Dougherty

## City Attorney

Carl Cooper

## Magistrate

Kathy McCoy

## Departments

City Clerk	Sydney Muhle
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, 2014, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingman, Arizona, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in Note 1, the City implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended June 30, 2014, 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 19, 2014, 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 19, 2014

**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, 2014**

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, 2014. 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 increased \$2.3 million to \$67.3 million and the business-type activities increased \$6.2 million to \$71.6 million, representing an increase of 3 percent and 10 percent, respectively. The increase in net position for business-type activities was primarily due to increased wastewater rates.
- General revenues from governmental activities accounted for \$25.5 million in revenue, or 80 percent of all revenues from governmental activities. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6.4 million or 20 percent of total governmental activities revenues. The City had \$20.6 million of program revenues and \$976,917 in general revenues related to business-type activities.
- The City had \$30.3 million in expenses related to governmental activities; of which \$6.4 million of these expenses were offset by program specific charges for services or grants and contributions. General revenues of \$25.5 million provided for the majority of the remaining costs of these programs. The City had \$14.7 million in expenses related to business-type activities. Charges for services of \$20.5 million were adequate to offset the costs.
- Among major governmental funds, the General Fund had \$24.4 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 \$22.6 million. The General Fund's fund balance increased \$1.8 million to \$10.0 million primarily due to a .5 percent increase in the City sales tax rate.
- Net position of the Internal Service Funds decreased \$623,370 from the prior fiscal year.

**CITY OF KINGMAN, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**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, 2014**

**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 technology 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, 2014**

**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 \$67.3 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 outstanding 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.

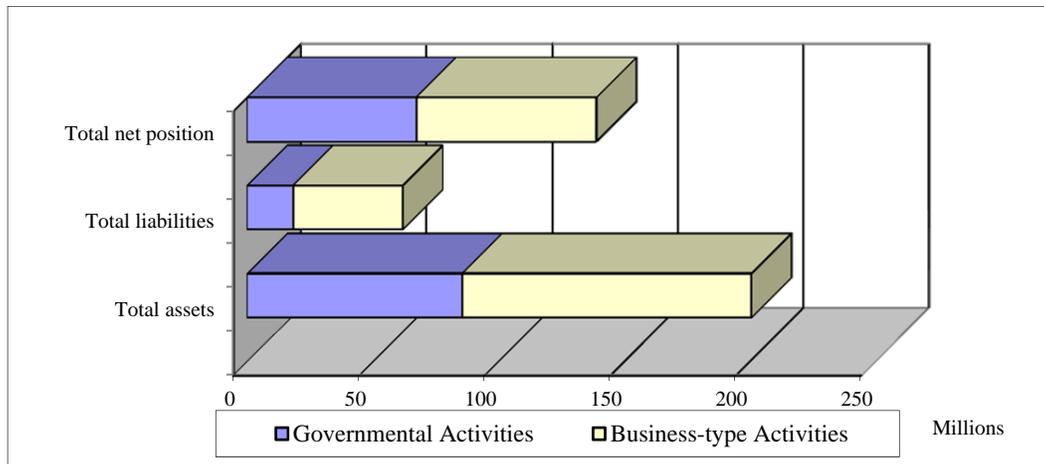
**CITY OF KINGMAN, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**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, 2014 and June 30, 2013.

	Governmental Activities		Business-Type Activities		Total	
	As of June 30, 2014	As of June 30, 2013	As of June 30, 2014	As of June 30, 2013	As of June 30, 2014	As of June 30, 2013
Current and other assets	\$ 33,382,960	\$ 31,805,082	\$ 36,102,889	\$ 30,621,144	\$ 69,485,849	\$ 62,426,226
Capital assets, net	52,177,229	52,484,727	78,913,040	80,821,168	131,090,269	133,305,895
<b>Total assets</b>	<b>85,560,189</b>	<b>84,289,809</b>	<b>115,015,929</b>	<b>111,442,312</b>	<b>200,576,118</b>	<b>195,732,121</b>
Current and other liabilities	4,512,707	4,035,763	1,453,098	1,791,187	5,965,805	5,826,950
Long-term liabilities	13,794,243	15,294,904	42,004,225	44,323,088	55,798,468	59,617,992
<b>Total liabilities</b>	<b>18,306,950</b>	<b>19,330,667</b>	<b>43,457,323</b>	<b>46,114,275</b>	<b>61,764,273</b>	<b>65,444,942</b>
Net position:						
Net investment in capital assets	43,663,259	42,022,454	37,225,869	36,859,201	80,889,128	78,881,655
Restricted	11,525,848	12,054,804	3,405,895	2,627,348	14,931,743	14,682,152
Unrestricted	12,064,132	10,881,884	30,926,842	25,841,488	42,990,974	36,723,372
<b>Total net position</b>	<b>\$ 67,253,239</b>	<b>\$ 64,959,142</b>	<b>\$ 71,558,606</b>	<b>\$ 65,328,037</b>	<b>\$138,811,845</b>	<b>\$130,287,179</b>

**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, 2014**

**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.

- Completion of the construction to upgrade the Downtown Wastewater Treatment Plant.
- Construction in progress for governmental activities decreased \$1.3 million due to the completion of street improvement projects.
- The principal retirement of \$1.8 million in general obligation and special assessment bonds.
- Principal payments of \$2.1 million to repay the City's WIFA loans.

**Changes in net position.** The City's total revenues for the current fiscal year were \$53.5 million. The total cost of all programs and services was \$45.0 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

	Governmental Activities		Business-Type Activities		Total	
	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 2,718,666	\$ 2,574,567	\$ 20,471,878	\$ 19,394,177	23,190,544	\$ 21,968,744
Operating grants and contributions	2,175,015	1,940,274			2,175,015	1,940,274
Capital grants and contributions	1,503,739	1,549,150	155,194		1,658,933	1,549,150
General revenues						
Sales taxes	15,484,419	12,807,658			15,484,419	12,807,658
Auto lieu taxes	1,339,535	1,294,678			1,339,535	1,294,678
Franchise taxes	705,760	684,455			705,760	684,455
Unrestricted state shared revenue	7,817,869	7,328,198			7,817,869	7,328,198
Investment income	106,233	130,247	145,225	160,522	251,458	290,769
Miscellaneous	41,208	624,976	831,692	252,823	872,900	877,799
<b>Total revenues</b>	<b>\$ 31,892,444</b>	<b>\$ 28,934,203</b>	<b>\$ 21,603,989</b>	<b>\$ 19,807,522</b>	<b>\$ 53,496,433</b>	<b>\$ 48,741,725</b>

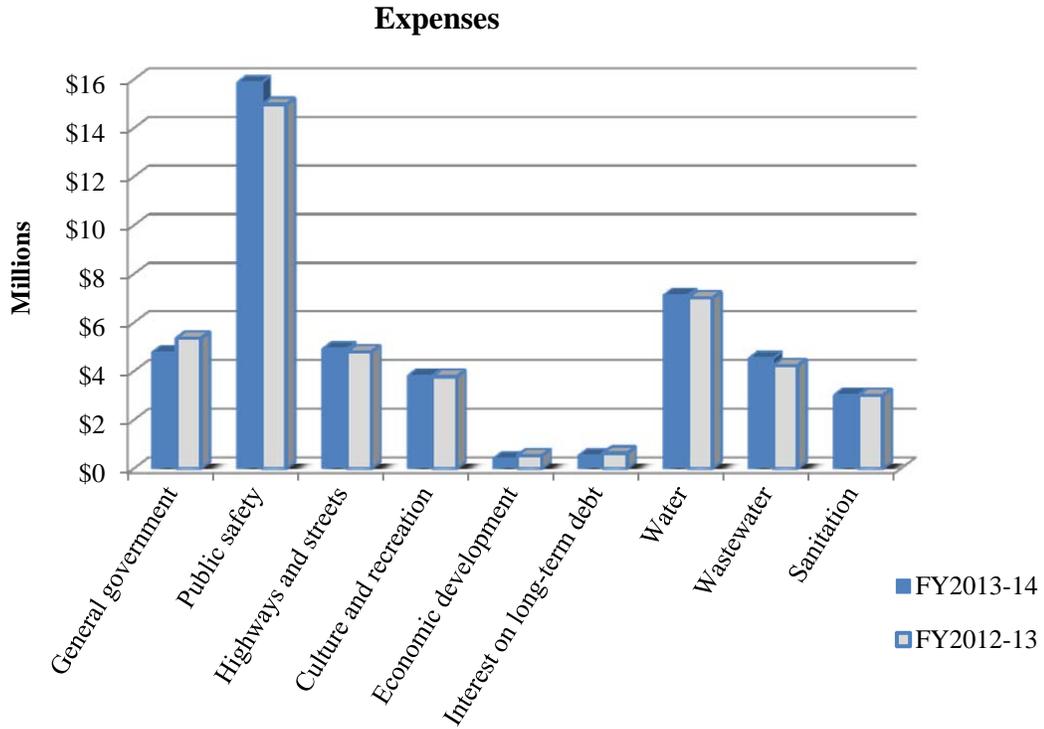
**CITY OF KINGMAN, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**

	Governmental Activities		Business-Type Activities		Total	
	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013	Fiscal Year Ended June 30, 2014	Fiscal Year Ended June 30, 2013
<b>Expenses</b>						
General government	\$ 4,771,156	\$ 5,353,769	\$	\$	\$ 4,771,156	\$ 5,353,769
Public safety	15,875,548	14,962,499			15,875,548	14,962,499
Highways and streets	4,921,026	4,791,529			4,921,026	4,791,529
Culture and recreation	3,815,251	3,770,234			3,815,251	3,770,234
Economic development	398,757	522,579			398,757	522,579
Interest on long-term debt	521,663	616,940			521,663	616,940
Water			7,116,700	7,002,009	7,116,700	7,002,009
Wastewater			4,531,419	4,224,008	4,531,419	4,224,008
Sanitation			3,020,247	3,001,675	3,020,247	3,001,675
<b>Total expenses</b>	<u>30,303,401</u>	<u>30,017,550</u>	<u>14,668,366</u>	<u>14,227,692</u>	<u>44,971,767</u>	<u>44,245,242</u>
<b>Excess before transfers</b>	<u>1,589,043</u>	<u>(1,083,347)</u>	<u>6,935,623</u>	<u>5,579,830</u>	<u>8,524,666</u>	<u>4,496,483</u>
<b>Transfers</b>	<u>705,054</u>	<u>988,336</u>	<u>(705,054)</u>	<u>(988,336)</u>		
<b>Changes in net position</b>	<u>2,294,097</u>	<u>(95,011)</u>	<u>6,230,569</u>	<u>4,591,494</u>	<u>8,524,666</u>	<u>4,496,483</u>
<b>Net position, beginning</b>	<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>
<b>Net position, ending</b>	<u>\$ 67,253,239</u>	<u>\$ 64,959,142</u>	<u>\$ 71,558,606</u>	<u>\$ 65,328,037</u>	<u>\$138,811,845</u>	<u>\$ 130,287,179</u>

**CITY OF KINGMAN, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Cont'd)**



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

- Sales tax revenues increased \$2.7 primarily due to a .5 percent increase in the City sales tax rate.
- Changes for services for business-type activities increased \$1.1 million primarily due to increased wastewater rates.

**CITY OF KINGMAN, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**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.

	Year Ended June 30, 2014		Year Ended June 30, 2013	
	Total Expenses	Net (Expense)/ Revenue	Total Expenses	Net (Expense)/ Revenue
<b>Governmental Activities</b>				
General government	\$ 4,771,156	\$ (4,582,366)	\$ 5,353,769	\$ (5,164,182)
Public safety	15,875,548	(13,770,996)	14,962,499	(13,311,953)
Highways and streets	4,921,026	(2,899,282)	4,791,529	(2,616,896)
Culture and recreation	3,815,251	(2,571,636)	3,770,234	(2,471,294)
Economic development	398,757	439,962	522,579	227,706
Interest on long-term debt	521,663	(521,663)	616,940	(616,940)
<b>Total expenses</b>	<u>30,303,401</u>	<u>(23,905,981)</u>	<u>30,017,550</u>	<u>(23,953,559)</u>
<b>Business-Type Activities</b>				
Water	7,116,700	1,061,478	7,002,009	1,529,958
Wastewater	4,531,419	4,560,366	4,224,008	3,320,461
Sanitation	3,020,247	336,862	3,001,675	316,066
<b>Total expenses</b>	<u>14,668,366</u>	<u>5,958,706</u>	<u>14,227,692</u>	<u>5,166,485</u>
<b>Total</b>	<u>\$ 44,971,767</u>	<u>\$ (17,947,275)</u>	<u>\$ 44,245,242</u>	<u>\$ (18,787,074)</u>

- The cost of all governmental activities this year was \$30.3 million. The cost of all business-type activities this year was \$14.7 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 \$27.0 million.
- The net cost of governmental activities of \$23.9 million, was financed by general revenues, which are made up of primarily sales taxes of \$15.5 million and state shared revenues of \$7.8 million.

**CITY OF KINGMAN, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**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 \$18.6 million, an increase of \$2.3 million. The General Fund comprises 52 percent of the total fund balance. Approximately \$8.4 million or 87 percent of the General Fund's fund balance is unassigned.

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 \$1.8 million, which was the result of an increase in tax revenue from a .5 percent increase in the City sales tax rate.

The Special Assessment Districts fund balance decrease of \$384,324 to \$2.8 million was the result of the amount of debt retired exceeded the amount collected during the current period.

**Proprietary funds.** Net position of the Enterprise Funds and the Internal Service Funds at the end of the year amounted to \$71.6 million and \$5.5 million, respectively. The increase in net position in the Enterprise Funds of 10 percent can be attributed to the increased wastewater revenues as a result of the increased wastewater rates charged to users. The decrease in net position of \$623,370 for the internal service funds is a result of an increase in the cost of employee benefits.

**CITY OF KINGMAN, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**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 \$443,013 in General government was a result of vacancy savings realized during the recruitment period of unfilled positions.
- The favorable variance of \$397,966 in Culture and recreation was a result of keeping utility, energy and management costs below budget values.
- The favorable variance of \$508,290 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 \$131.1 million, which included buildings, facilities, vehicles, computers, equipment, and infrastructure assets. Total depreciation expense for the year was \$5.2 million.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2014 and June 30, 2013.

	Governmental Activities		Business-Type Activities		Total	
	As of June 30, 2014	As of June 30, 2013	As of June 30, 2014	As of June 30, 2013	As of June 30, 2014	As of June 30, 2013
Land	\$ 10,484,512	\$ 10,449,287	\$ 2,292,881	\$ 2,292,881	\$ 12,777,393	\$ 12,742,168
Infrastructure	65,685,639	63,438,064	100,870,408	82,487,716	166,556,047	145,925,780
Buildings	8,187,576	8,187,576	12,586,111	12,586,111	20,773,687	20,773,687
Improvements other than buildings	6,614,439	6,417,776	593,978	593,978	7,208,417	7,011,754
Vehicles, machinery and equipment	15,945,082	15,076,496	9,814,173	9,201,616	25,759,255	24,278,112
Construction in progress	1,381,906	2,729,787		18,179,435	1,381,906	20,909,222
Accumulated depreciation	(56,121,925)	(53,814,259)	(47,244,511)	(44,520,569)	(103,366,436)	(98,334,828)
Total	\$ 52,177,229	\$ 52,484,727	\$ 78,913,040	\$ 80,821,168	\$ 131,090,269	\$ 133,305,895

The estimated cost to complete current construction projects is \$1.1 million.

Additional information on the City's capital assets can be found in Note 6.

**CITY OF KINGMAN, ARIZONA  
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2014**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (Concl'd)**

**Debt Administration.** At year-end, the City had \$8.5 million in governmental long-term debt outstanding with \$2.2 million due within one year. The City had \$41.7 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, 2014 and June 30, 2013.

	Governmental Activities		Business-Type Activities	
	As of June 30, 2014	As of June 30, 2013	As of June 30, 2014	As of June 30, 2013
	Excise tax bonds payable	\$ 2,220,000	\$ 2,810,000	\$
Special assessment bonds payable	5,868,850	7,084,129		
Obligations under capital leases	425,120	568,144	637,680	775,833
Loan payable			41,049,491	43,186,134
Total	<u>\$ 8,513,970</u>	<u>\$ 10,462,273</u>	<u>\$ 41,687,171</u>	<u>\$ 43,961,967</u>

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 \$37.6 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 \$11.6 million, which is more than the outstanding debt.

Additional information on the City's long-term debt can be found in Notes 7-10.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Many factors were considered by the City's officials during the process of developing the fiscal year 2014-15 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 2.1 percent.

These indicators were considered when adopting the budget for fiscal year 2014-15. Amounts available for appropriation in the General Fund budget are \$23.9 million, which is \$576,988 more than the amount from the prior year. The City's response to the 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, 2014**

**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, 2014**

	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 25,572,600	\$ 29,996,839	\$ 55,569,439
Restricted cash and investments	414,846	400,723	815,569
Taxes receivable	1,284,792		1,284,792
Intergovernmental receivable	927,631		927,631
Special assessments receivable	5,089,854		5,089,854
Accounts receivable	65,927	2,098,944	2,164,871
Inventories	27,310	191,280	218,590
Deposits		9,208	9,208
<b>Total current assets</b>	<u>33,382,960</u>	<u>32,696,994</u>	<u>66,079,954</u>
Noncurrent assets:			
Restricted cash and investments		3,405,895	3,405,895
Land	10,484,512	2,292,881	12,777,393
Infrastructure	65,685,639	100,870,408	166,556,047
Buildings	8,187,576	12,586,111	20,773,687
Improvements other than buildings	6,614,439	593,978	7,208,417
Vehicles, machinery, and equipment	15,945,082	9,814,173	25,759,255
Construction in progress	1,381,906		1,381,906
Accumulated depreciation	(56,121,925)	(47,244,511)	(103,366,436)
<b>Total noncurrent assets</b>	<u>52,177,229</u>	<u>82,318,935</u>	<u>134,496,164</u>
<b>Total assets</b>	<u>85,560,189</u>	<u>115,015,929</u>	<u>200,576,118</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	1,516,238	198,776	1,715,014
Accrued payroll and employee benefits	640,636	143,221	783,857
Deposits held for others	450,547	400,723	851,270
Unearned revenue	1,855,639	710,378	2,566,017
Compensated absences payable	1,488,784	317,054	1,805,838
Bonds payable	820,000		820,000
Loan payable		2,210,748	2,210,748
Obligations under capital leases	97,452	146,178	243,630
Special assessment bonds payable	1,288,661		1,288,661
Accrued interest payable	49,647		49,647
<b>Total current liabilities</b>	<u>8,207,604</u>	<u>4,127,078</u>	<u>12,334,682</u>
Noncurrent liabilities:			
Non-current portion of long-term obligations	10,099,346	39,330,245	49,429,591
<b>Total noncurrent liabilities</b>	<u>10,099,346</u>	<u>39,330,245</u>	<u>49,429,591</u>
<b>Total liabilities</b>	<u>18,306,950</u>	<u>43,457,323</u>	<u>61,764,273</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	43,663,259	37,225,869	80,889,128
Restricted for:			
Debt service	7,411,498	3,405,895	10,817,393
Highways and streets	1,753,792		1,753,792
Capital projects	1,756,170		1,756,170
Grants	604,388		604,388
Unrestricted	12,064,132	30,926,842	42,990,974
<b>Total net position</b>	<u>\$ 67,253,239</u>	<u>\$ 71,558,606</u>	<u>\$ 138,811,845</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, 2014**

<b>Functions/Programs</b>	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Primary Government</b>					
Governmental activities:					
General government	\$ 4,771,156	\$ 188,790	\$	\$	\$ (4,582,366)
Public safety	15,875,548	371,830	1,382,722	350,000	(13,770,996)
Highways and streets	4,921,026	361,761	506,244	1,153,739	(2,899,282)
Culture and recreation	3,815,251	1,243,615			(2,571,636)
Economic development	398,757	552,670	286,049		439,962
Interest on long-term debt	521,663				(521,663)
Total governmental activities	<u>30,303,401</u>	<u>2,718,666</u>	<u>2,175,015</u>	<u>1,503,739</u>	<u>(23,905,981)</u>
Business-type activities:					
Water	7,116,700	8,178,178			
Wastewater	4,531,419	8,936,591		155,194	
Sanitation	3,020,247	3,357,109			
Total business-type activities	<u>14,668,366</u>	<u>20,471,878</u>		<u>155,194</u>	
<b>Total primary government</b>	<u>\$ 44,971,767</u>	<u>\$ 23,190,544</u>	<u>\$ 2,175,015</u>	<u>\$ 1,658,933</u>	<u>(23,905,981)</u>

**General revenues:**

Taxes:

Sales taxes	15,484,419
Auto lieu taxes	1,339,535
Franchise taxes	705,760
Unrestricted state shared revenue	7,817,869
Investment income	106,233
Miscellaneous	41,208

**Transfers**

<b>Total general revenues and transfers</b>	<u>26,200,078</u>
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**Changes in net position**

2,294,097

**Net position, beginning of year**

64,959,142

**Net position, end of year**

\$ 67,253,239

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
\$	\$ (4,582,366) (13,770,996) (2,899,282) (2,571,636) 439,962 (521,663) <hr style="border: 0.5px solid black;"/> (23,905,981) <hr style="border: 0.5px solid black;"/>
1,061,478	1,061,478
4,560,366	4,560,366
336,862	336,862
<hr style="border: 0.5px solid black;"/> 5,958,706	<hr style="border: 0.5px solid black;"/> 5,958,706
<hr style="border: 0.5px solid black;"/> 5,958,706	<hr style="border: 0.5px solid black;"/> (17,947,275)
145,225	15,484,419
831,692	1,339,535
(705,054)	705,760
<hr style="border: 0.5px solid black;"/> 271,863	<hr style="border: 0.5px solid black;"/> 7,817,869
<hr style="border: 0.5px solid black;"/> 271,863	<hr style="border: 0.5px solid black;"/> 251,458
6,230,569	872,900
<hr style="border: 0.5px solid black;"/> 65,328,037	<hr style="border: 0.5px solid black;"/> 26,471,941
<hr style="border: 0.5px solid black;"/> 65,328,037	<hr style="border: 0.5px solid black;"/> 8,524,666
\$ 71,558,606	<hr style="border: 0.5px solid black;"/> 130,287,179
<hr style="border: 0.5px solid black;"/> \$ 71,558,606	<hr style="border: 0.5px solid black;"/> \$ 138,811,845

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**FUND FINANCIAL STATEMENTS**

**CITY OF KINGMAN, ARIZONA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	General	Special Assessment Districts	Non-Major Governmental Funds
<b><u>ASSETS</u></b>			
Cash and investments	\$ 9,085,940	\$ 2,214,894	\$ 9,278,168
Restricted cash and investments			414,846
Taxes receivable	1,284,792		
Intergovernmental receivable	207,436		720,195
Special assessments receivable		5,089,854	
Accounts receivable	6,512		59,415
Inventories	27,310		
<b>Total assets</b>	<b>\$ 10,611,990</b>	<b>\$ 7,304,748</b>	<b>\$ 10,472,624</b>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 372,623	\$	\$ 1,065,342
Accrued payroll and employee benefits	532,063		48,936
Interest payable		1,650	47,997
Deposits held for others	35,701		414,846
Unearned revenue	76,788		1,778,851
Bonds payable			820,000
<b>Total liabilities</b>	<b>1,017,175</b>	<b>1,650</b>	<b>4,175,972</b>
Deferred inflows of resources:			
Unavailable revenues - special assessments		4,545,899	
Unavailable revenues - intergovernmental			24,084
<b>Total deferred inflows of resources</b>		<b>4,545,899</b>	<b>24,084</b>
Fund balances:			
Restricted		2,757,199	4,222,750
Committed	1,151,386		143,060
Assigned	90,958		1,906,758
Unassigned	8,352,471		
<b>Total fund balances</b>	<b>9,594,815</b>	<b>2,757,199</b>	<b>6,272,568</b>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <b>\$ 10,611,990</b>	 <b>\$ 7,304,748</b>	 <b>\$ 10,472,624</b>

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

Total  
Governmental  
Funds

---

\$ 20,579,002  
414,846  
1,284,792  
927,631  
5,089,854  
65,927  
27,310  

---

\$ 28,389,362

\$ 1,437,965  
580,999  
49,647  
450,547  
1,855,639  
820,000  

---

5,194,797

4,545,899  
24,084  

---

4,569,983

6,979,949  
1,294,446  
1,997,716  
8,352,471  

---

18,624,582

\$ 28,389,362

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**CITY OF KINGMAN, ARIZONA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

**Total governmental fund balances** **\$ 18,624,582**

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Governmental capital assets	\$ 105,998,597	
Less accumulated depreciation	<u>(54,772,238)</u>	51,226,359

Some receivables are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the funds.

Special assessments	4,545,899	
Intergovernmental	<u>24,084</u>	4,569,983

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

Compensated absences payable	(1,376,686)	
Excise tax bonds payable	(1,400,000)	
Special assessment bonds payable	(5,868,850)	
Obligations under capital leases	(212,560)	
Other post employment benefits	<u>(3,791,489)</u>	(12,649,585)

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.

5,481,900

**Net position of governmental activities** **\$ 67,253,239**

**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, 2014**

	General	Special Assessment Districts	Non-Major Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 16,443,768	\$	\$ 1,085,946
Licenses and permits	101,622		
Intergovernmental	5,571,651		5,110,518
Charges for services	1,914,551		
Fines and forfeits	248,962		
Investment income	38,216	9,633	37,962
Special assessments	3,682	1,246,011	3,550
Development investment fees			166,708
Miscellaneous	101,956		253,498
<b>Total revenues</b>	24,424,408	1,255,644	6,658,182
<b>Expenditures:</b>			
Current -			
General government	4,353,597		307
Public safety	13,875,603		816,083
Highways and streets			3,144,347
Culture and recreation	3,403,471		
Economic development	293,610		93,779
Capital outlay	647,290		1,925,118
Debt service -			
Principal retirement	50,922	1,215,279	866,051
Interest and fiscal charges	3,284	391,085	112,269
<b>Total expenditures</b>	22,627,777	1,606,364	6,957,954
<b>Excess (deficiency) of revenues over expenditures</b>	1,796,631	(350,720)	(299,772)
<b>Other financing sources (uses):</b>			
Transfers in	1,385,259		1,881,742
Transfers out	(1,375,222)	(33,604)	(712,239)
<b>Total other financing sources (uses):</b>	10,037	(33,604)	1,169,503
<b>Changes in fund balances</b>	1,806,668	(384,324)	869,731
<b>Fund balances, beginning of year</b>	7,788,147	3,141,523	5,402,837
<b>Fund balances, end of year</b>	\$ 9,594,815	\$ 2,757,199	\$ 6,272,568

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

Total  
Governmental  
Funds

---

\$ 17,529,714  
101,622  
10,682,169  
1,914,551  
248,962  
85,811  
1,253,243  
166,708  
355,454  

---

32,338,234

4,353,904  
14,691,686  
3,144,347  
3,403,471  
387,389  
2,572,408

2,132,252  
506,638

---

31,192,095

---

1,146,139

3,267,001  
(2,121,065)  
1,145,936

---

2,292,075

16,332,507

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\$ 18,624,582

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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, 2014**

**Net changes in fund balances - total governmental funds** **\$ 2,292,075**

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	\$ 2,214,715	
Less current year depreciation	<u>(2,452,592)</u>	(237,877)

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

Special assessments	(843,888)	
Intergovernmental	<u>24,084</u>	(819,804)

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	820,000	
Special assessment bond principal retirement	1,215,279	
Capital lease principal retirement	<u>96,973</u>	2,132,252

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	(468,976)	
Compensated absences	<u>19,797</u>	(449,179)

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.

(623,370)

**Changes in net position in governmental activities** **\$ 2,294,097**

**CITY OF KINGMAN, ARIZONA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

	Enterprise Funds		
	Water	Wastewater	Sanitation
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 20,595,658	\$ 8,159,714	\$ 1,241,467
Restricted cash and investments	400,723		
Accounts receivable	981,306	806,474	311,164
Inventories	163,511	27,769	
Deposits	9,208		
<b>Total current assets</b>	<b>22,150,406</b>	<b>8,993,957</b>	<b>1,552,631</b>
Noncurrent assets:			
Restricted cash and investments		3,405,895	
Land	1,128,881	597,000	567,000
Infrastructure	37,142,755	63,727,653	
Buildings	12,463,191	122,920	
Improvements other than buildings	149,328	444,650	
Vehicles, machinery, and equipment	3,811,337	704,659	5,298,177
Accumulated depreciation	(31,921,455)	(11,187,238)	(4,135,818)
<b>Total noncurrent assets</b>	<b>22,774,037</b>	<b>57,815,539</b>	<b>1,729,359</b>
<b>Total assets</b>	<b>44,924,443</b>	<b>66,809,496</b>	<b>3,281,990</b>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	130,297	7,149	61,330
Accrued payroll and employee benefits	91,707	23,901	27,613
Deposits held for others	400,723		
Unearned revenue	709,052	1,326	
Compensated absences payable	214,969	53,380	48,705
Loan payable		2,210,748	
Obligations under capital leases	48,726	48,726	48,726
<b>Total current liabilities</b>	<b>1,595,474</b>	<b>2,345,230</b>	<b>186,374</b>
Noncurrent liabilities:			
Non-current portion of long-term obligations	163,834	39,002,577	163,834
<b>Total noncurrent liabilities</b>	<b>163,834</b>	<b>39,002,577</b>	<b>163,834</b>
<b>Total liabilities</b>	<b>1,759,308</b>	<b>41,347,807</b>	<b>350,208</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	22,561,477	13,147,593	1,516,799
Restricted for:			
Debt service		3,405,895	
Unrestricted	20,603,658	8,908,201	1,414,983
<b>Total net position</b>	<b>\$ 43,165,135</b>	<b>\$ 25,461,689</b>	<b>\$ 2,931,782</b>

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

Enterprise Funds

Governmental  
Activities:  
Internal Service  
Funds

Totals

\$ 29,996,839	\$ 4,993,598
400,723	
2,098,944	
191,280	
9,208	
<u>32,696,994</u>	<u>4,993,598</u>

3,405,895	
2,292,881	567,000
100,870,408	
12,586,111	576,100
593,978	88,720
9,814,173	1,068,737
(47,244,511)	(1,349,687)
<u>82,318,935</u>	<u>950,870</u>
<u>115,015,929</u>	<u>5,944,468</u>

198,776	78,273
143,221	59,637
400,723	
710,378	
317,054	112,098
2,210,748	
146,178	48,726
<u>4,127,078</u>	<u>298,734</u>

<u>39,330,245</u>	<u>163,834</u>
<u>39,330,245</u>	<u>163,834</u>
<u>43,457,323</u>	<u>462,568</u>

37,225,869	738,310
3,405,895	
30,926,842	4,743,590
<u>\$ 71,558,606</u>	<u>\$ 5,481,900</u>

**CITY OF KINGMAN, ARIZONA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Enterprise Funds		
	Water	Wastewater	Sanitation
<b>Operating revenues:</b>			
Charges for services	\$ 8,178,178	\$ 8,936,591	\$ 3,357,109
Contributions			
Miscellaneous			
<b>Total operating revenues</b>	<u>8,178,178</u>	<u>8,936,591</u>	<u>3,357,109</u>
<b>Operating expenses:</b>			
Costs of sales and services	6,023,646	1,726,398	2,651,887
Depreciation	1,078,029	1,292,578	353,335
Premiums			
Administrative			
<b>Total operating expenses</b>	<u>7,101,675</u>	<u>3,018,976</u>	<u>3,005,222</u>
<b>Operating income (loss)</b>	<u>1,076,503</u>	<u>5,917,615</u>	<u>351,887</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	90,052	49,814	5,359
Miscellaneous	792,675	8,791	30,226
Interest expense	(15,025)	(1,512,443)	(15,025)
<b>Total nonoperating revenues (expenses)</b>	<u>867,702</u>	<u>(1,453,838)</u>	<u>20,560</u>
<b>Income (loss) before capital contributions and transfers</b>	<u>1,944,205</u>	<u>4,463,777</u>	<u>372,447</u>
<b>Capital contributions</b>		155,194	
<b>Transfers in</b>	776,153	17,283	26,222
<b>Transfers out</b>	<u>(550,114)</u>	<u>(696,146)</u>	<u>(278,452)</u>
<b>Changes in net position</b>	<u>2,170,244</u>	<u>3,940,108</u>	<u>120,217</u>
<b>Total net position, beginning of year</b>	40,994,891	21,521,581	2,811,565
<b>Total net position, end of year</b>	<u>\$ 43,165,135</u>	<u>\$ 25,461,689</u>	<u>\$ 2,931,782</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>
\$ 20,471,878	\$ 4,662,566
	4,074,540
	171,495
<u>20,471,878</u>	<u>8,908,601</u>
10,401,931	4,693,052
2,723,942	69,621
	4,307,512
	29,893
<u>13,125,873</u>	<u>9,100,078</u>
<u>7,346,005</u>	<u>(191,477)</u>
145,225	20,422
831,692	3,592
<u>(1,542,493)</u>	<u>(15,025)</u>
<u>(565,576)</u>	<u>8,989</u>
<u>6,780,429</u>	<u>(182,488)</u>
155,194	
819,658	72,908
<u>(1,524,712)</u>	<u>(513,790)</u>
<u>6,230,569</u>	<u>(623,370)</u>
65,328,037	6,105,270
<u>\$ 71,558,606</u>	<u>\$ 5,481,900</u>

**CITY OF KINGMAN, ARIZONA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	<u>Enterprise Funds</u>				<b>Governmental Activities: Internal Service Funds</b>
	<u>Water</u>	<u>Wastewater</u>	<u>Sanitation</u>	<u>Total</u>	
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>					
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 8,273,783	\$ 8,953,649	\$ 3,340,041	\$ 20,567,473	\$ 4,834,061
Cash received from contributions					4,074,540
Cash payments to employees for services	(2,024,881)	(590,252)	(680,870)	(3,296,003)	(1,512,961)
Cash payments to suppliers for goods/services	(4,037,969)	(1,193,621)	(1,965,492)	(7,197,082)	(7,585,926)
Other receipts	27,910	8,791	30,226	66,927	3,592
<b>Net cash provided by (used for) operating activities</b>	<u>2,238,843</u>	<u>7,178,567</u>	<u>723,905</u>	<u>10,141,315</u>	<u>(186,694)</u>
<b>Cash flows from non-capital financing activities:</b>					
Transfers in	776,153	17,283	26,222	819,658	72,908
Transfers out	(550,114)	(696,146)	(278,452)	(1,524,712)	(513,790)
<b>Net cash provided by (used for) non-capital financing activities</b>	<u>226,039</u>	<u>(678,863)</u>	<u>(252,230)</u>	<u>(705,054)</u>	<u>(440,882)</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	(239,729)	(315,601)	(388,710)	(944,040)	
Loan proceeds		31,577		31,577	
Principal paid on debt	(46,051)	(2,182,694)	(46,051)	(2,274,796)	(46,051)
Interest paid on debt	(15,025)	(1,512,443)	(15,025)	(1,542,493)	(15,025)
Proceeds from sale of previously transferred assets	764,765			764,765	
<b>Net cash provided by (used for) capital and related financing activities</b>	<u>463,960</u>	<u>(3,979,161)</u>	<u>(449,786)</u>	<u>(3,964,987)</u>	<u>(61,076)</u>
<b>Cash flows from investing activities:</b>					
Investment income	90,052	49,814	5,359	145,225	20,422
<b>Net cash provided by investing activities</b>	<u>90,052</u>	<u>49,814</u>	<u>5,359</u>	<u>145,225</u>	<u>20,422</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>3,018,894</u>	<u>2,570,357</u>	<u>27,248</u>	<u>5,616,499</u>	<u>(668,230)</u>
<b>Cash and cash equivalents, beginning of year</b>	<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>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 20,996,381</u>	<u>\$ 11,565,609</u>	<u>\$ 1,241,467</u>	<u>\$ 33,803,457</u>	<u>\$ 4,993,598</u>
<b><u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u></b>					
Cash	\$ 12,337,041	\$ 3,612,666	\$ 753,381	\$ 16,703,088	\$ 2,935,037
Investments	8,258,617	4,547,048	488,086	13,293,751	2,058,561
Restricted cash and investments	400,723	3,405,895		3,806,618	
<b>Total cash and cash equivalents</b>	<u>\$ 20,996,381</u>	<u>\$ 11,565,609</u>	<u>\$ 1,241,467</u>	<u>\$ 33,803,457</u>	<u>\$ 4,993,598</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>					
Operating income (loss)	\$ 1,076,503	\$ 5,917,615	\$ 351,887	\$ 7,346,005	\$ (191,477)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	1,078,029	1,292,578	353,335	2,723,942	69,621
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	96,218	25,849	(17,068)	104,999	
(Increase) decrease in inventory	62,648	(27,769)		34,879	
Decrease in compensated absences payable	(23,974)	(19,679)	(414)	(44,067)	(1,537)
Increase in deposits held for others	27,297			27,297	
Increase (decrease) in accrued payroll and employee benefit	13,375	(327)	2,144	15,192	6,160
Increase (decrease) in accounts payable	(91,253)	(9,700)	34,021	(66,932)	(69,461)
<b>Total adjustments</b>	<u>1,162,340</u>	<u>1,260,952</u>	<u>372,018</u>	<u>2,795,310</u>	<u>4,783</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 2,238,843</u>	<u>\$ 7,178,567</u>	<u>\$ 723,905</u>	<u>\$ 10,141,315</u>	<u>\$ (186,694)</u>
<b>Schedule of non-cash capital and related financing activities:</b>					
Contributions of capital assets	\$	\$ 155,194	\$	\$	\$

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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, 2014, the City implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as 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 and its component unit. 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, 2014**

**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, 2014**

**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. Unearned 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 unavailable revenues 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 certain activities budgeted in 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, 2014**

**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 Technology Fund and a Benefits Reserve 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, insurance services, maintenance services, and information technology services.

Operating expenses for the proprietary 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, 2014**

**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, 2014**

**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. Cash seized from police operations and deposited with the City to be held until the case is adjudicated is shown as restricted cash and investments. In addition, customer deposits for utility services are classified as restricted cash investments because their use is limited to the repayment to those customers.

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**M. 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.

**N. 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 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.

**O. 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.

**P. 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.

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

**Q. 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.

**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. The Council passed ordinances to commit the funds.

***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 via a resolution to the City Manager, Financial Services Director or his/her/their designee to be used for specific purposes. The fund balance assignments were made by the Financial Services Director to set aside monies for the specific purposes outlined in the table below.

***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, 2014**

**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	\$	\$ 2,757,199	\$ 108,400
Flood control			1,756,170
Grants			604,388
Streets			1,753,792
Committed:			
Tourism	1,151,386		
Capital projects			143,060
Assigned:			
Debt service	90,958		
Capital projects			1,763,615
Operation of KART			143,143
Unassigned	8,352,471		
Total fund balances	\$ 9,594,815	\$ 2,757,199	\$ 6,272,568

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.

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Excess Expenditures Over Budget** – At year end, the City had expenditures in funds that exceeded the budgets however this does not constitute a violation of any legal provisions.

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 – 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 \$15,376,008 and the bank balance was \$1,220,845. At year end, \$77,248 of the City’s deposits was covered by collateral held by the pledging financial institution in the City’s name, and \$380,375 was uninsured and uncollateralized. The City had \$8,200 of petty cash on hand at year end.

The State Treasurer’s pool is an external investment pool with no regulatory oversight. The pool is not required to register (and is not registered) with the Securities and Exchange Commission. The activity and performance of the pool is reviewed monthly by the State Board of Investment. The fair value of each participant’s position in the State Treasurer investment pool 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	\$ 23,208,826	<u>1-5</u> \$ 23,208,826
State Treasurer’s investment pool 7	21,197,869	19 days average maturities
Total	<u>\$ 44,406,695</u>	

At year end, the City’s pooled cash is restricted for the following purposes: \$414,846 for cash seizures; \$400,723 for the customer deposits; and \$3,405,895 for the repayment of wastewater loans.

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4 – 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. The City’s investments in the Federal Home Loan Bank, the Federal Farm Credit Banks and the Federal National Mortgage Association are 14%, 5% and 33% of the City’s total investments, respectively.

**NOTE 5 – 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	\$	\$ 408,925
Due from State government	207,436	222,923
Due from County government		88,347
Total	\$ 207,436	\$ 720,195

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 6 – CAPITAL ASSETS**

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

<b>Governmental Activities</b>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 10,449,287	\$ 35,225	\$	\$ 10,484,512
Construction in progress	2,729,787	965,723	2,313,604	1,381,906
Total capital assets, not being depreciated	<u>13,179,074</u>	<u>1,000,948</u>	<u>2,313,604</u>	<u>11,866,418</u>
Capital assets, being depreciated:				
Infrastructure	63,438,064	2,247,575		65,685,639
Buildings	8,187,576			8,187,576
Improvements other than buildings	6,417,776	196,663		6,614,439
Vehicles, machinery and equipment	15,076,496	1,083,133	214,547	15,945,082
Total capital assets being depreciated	<u>93,119,912</u>	<u>3,527,371</u>	<u>214,547</u>	<u>96,432,736</u>
Less accumulated depreciation for:				
Infrastructure	(32,948,777)	(1,490,352)		(34,439,129)
Buildings	(3,981,038)	(179,448)		(4,160,486)
Improvements other than buildings	(4,251,438)	(185,074)		(4,436,512)
Vehicles, machinery and equipment	(12,633,006)	(667,339)	(214,547)	(13,085,798)
Total accumulated depreciation	<u>(53,814,259)</u>	<u>(2,522,213)</u>	<u>(214,547)</u>	<u>(56,121,925)</u>
Total capital assets, being depreciated, net	<u>39,305,653</u>	<u>1,005,158</u>		<u>40,310,811</u>
Governmental activities capital assets, net	<u>\$ 52,484,727</u>	<u>\$ 2,006,106</u>	<u>\$ 2,313,604</u>	<u>\$ 52,177,229</u>

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 6 – CAPITAL ASSETS (Concl'd)**

<u>Business-Type Activities</u>	Beginning Balance	Increase	Decrease	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,292,881	\$	\$	\$ 2,292,881
Construction in progress	18,179,435		18,179,435	
Total capital assets, not being depreciated	<u>20,472,316</u>		<u>18,179,435</u>	<u>2,292,881</u>
Capital assets, being depreciated:				
Infrastructure	82,487,716	18,382,692		100,870,408
Buildings	12,586,111			12,586,111
Improvements other than buildings	593,978			593,978
Vehicles, machinery and equipment	9,201,616	612,557		9,814,173
Total capital assets being depreciated	<u>104,869,421</u>	<u>18,995,249</u>		<u>123,864,670</u>
Less accumulated depreciation for:				
Infrastructure	(32,888,040)	(1,987,318)		(34,875,358)
Buildings	(3,949,534)	(264,887)		(4,214,421)
Improvements other than buildings	(466,595)	(11,596)		(478,191)
Vehicles, machinery and equipment	(7,216,400)	(460,141)		(7,676,541)
Total accumulated depreciation	<u>(44,520,569)</u>	<u>(2,723,942)</u>		<u>(47,244,511)</u>
Total capital assets, being depreciated, net	<u>60,348,852</u>	<u>16,271,307</u>		<u>76,620,159</u>
Business-type activities capital assets, net	<u>\$ 80,821,168</u>	<u>\$ 16,271,307</u>	<u>\$ 18,179,435</u>	<u>\$ 78,913,040</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 194,354
Public safety	466,406
Highways and streets	1,661,975
Culture and recreation	199,478
Total depreciation expense	<u>2,522,213</u>
Business-type activities:	
Water	1,078,029
Wastewater	1,292,578
Sanitation	353,335
Total depreciation expense	<u>\$ 2,723,942</u>

**Construction Commitments** – At year end, the City had contractual commitments related to various capital projects. During the year, the City spent \$1.4 million on the projects and had estimated remaining contractual commitments of \$1.1 million.

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 7 – 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:	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2015	\$ 122,152	\$ 183,229
2016	122,152	183,229
2017	122,152	183,229
2018	<u>122,154</u>	<u>183,229</u>
Total minimum lease payments	488,610	732,916
Less: amount representing interest	<u>63,490</u>	<u>95,236</u>
Present value of minimum lease payments	<u>425,120</u>	<u>637,680</u>
Due within one year	<u>\$ 97,452</u>	<u>\$ 146,178</u>

The assets acquired through capital leases that meet the City’s capitalization threshold are as follows. Amortization of assets held under capital leases is included with depreciation expense.

Asset:	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 1,134,000	\$ 1,701,000
Vehicles, furniture and equipment	197,900	
Less: Accumulated depreciation	<u>115,440</u>	
Total	<u>\$ 1,216,460</u>	<u>\$ 1,701,000</u>

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 8 – 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, 2014	Due Within One Year
<b>Business-type activities:</b>					
Water Infrastructure Finance Authority Loan 910114-09	\$ 33,783,632	3.6%	7/1/14-28	\$ 27,924,337	\$ 1,569,027
Water Infrastructure Finance Authority Loan 910149-11	14,437,750	3.185%	7/1/14-30	13,125,154	641,721
<b>Total</b>				<u>\$ 41,049,491</u>	<u>\$ 2,210,748</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
2015	\$ 2,210,748	\$ 1,423,314	\$ 3,634,062
2016	2,287,672	1,346,390	3,634,062
2017	2,367,280	1,266,780	3,634,060
2018	2,449,666	1,184,394	3,634,060
2019	2,534,929	1,099,132	3,634,061
2020-24	14,061,469	4,108,830	18,170,299
2025-29	14,111,053	1,483,747	15,594,800
2030	1,026,674	32,696	1,059,370
<b>Total</b>	<u>\$ 41,049,491</u>	<u>\$ 11,945,283</u>	<u>\$ 52,994,774</u>

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 9 – 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, 2014	Due Within One Year
<b>Governmental activities:</b>					
Excise Tax Revenue Obligations, Series 2005	\$ 2,850,000	3.625-4.25%	7/1/14-20	\$ 1,605,000	\$ 205,000
Municipal Property Corporation; Excise Tax Revenue Refunding Bonds Series 1997	4,455,000	5.0%	7/1/14	615,000	615,000
Wallapai Marlene East Golden Gate Improvement District	114,707	5.25%	1/1/15-21	62,850	7,661
Kingman Airway Avenue Railroad Crossing Improvement District	3,580,000	4.5%	1/1/15-17	1,066,000	336,000
Kingman Airport/Banks Airport Addition	6,325,000	4.875%	1/1/15-16	1,525,000	745,000
	3,880,000	7.25%	1/1/15-25	3,215,000	200,000
<b>Total</b>				<u>\$ 8,088,850</u>	<u>\$ 2,108,661</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
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	514,401	196,197	710,598
2020-24	2,175,307	548,106	2,723,413
2025	410,000	29,725	439,725
<b>Total</b>	<u>\$ 8,088,850</u>	<u>\$ 2,048,257</u>	<u>\$ 10,137,107</u>

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 9 – 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, \$1.4 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 \$22.5 million. The debt principal and interest paid on this debt during fiscal year 2014 was \$917,244 (4% of available pledged revenues).

In addition, the City has pledged future wastewater utility revenues to repay \$48.2 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, \$41.0 million remains outstanding to be repaid by future wastewater revenues. For the fiscal year ended June 30, 2014, the revenues available for service of this debt were \$7.3 million. The debt principal and interest and fees paid on this debt during fiscal year 2014 was \$2,136,643 and \$1,497,418, respectively (50% of available pledged revenues).

**NOTE 10 – 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>
<b>Governmental activities:</b>					
Bonds payable	\$ 2,810,000	\$	\$ 590,000	\$ 2,220,000	\$ 820,000
Special assessment bonds payable	7,084,129		1,215,279	5,868,850	1,288,661
Obligations under capital leases	568,144		143,024	425,120	97,452
Compensated absences payable	1,510,118	1,358,660	1,379,994	1,488,784	1,488,784
Other post employment benefits	3,322,513	571,391	102,415	3,791,489	
Governmental activity long-term liabilities	<u>\$ 15,294,904</u>	<u>\$ 1,930,051</u>	<u>\$ 3,430,712</u>	<u>\$ 13,794,243</u>	<u>\$ 3,694,897</u>

**CITY OF KINGMAN, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 10 – CHANGES IN LONG-TERM LIABILITIES (Concl'd)**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type activities:</b>					
Obligations under capital leases	\$ 775,833	\$	\$ 138,153	\$ 637,680	\$ 146,178
Loan payable	43,186,134		2,136,643	41,049,491	2,210,748
Compensated absences payable	361,121	353,197	397,264	317,054	317,054
Governmental activity long-term liabilities	<u>\$ 44,323,088</u>	<u>\$ 353,197</u>	<u>\$ 2,672,060</u>	<u>\$ 42,004,225</u>	<u>\$ 2,673,980</u>

**NOTE 11 – INTERFUND TRANSFERS**

At year end, interfund transfers were as follows.

**Interfund transfers:**

	Transfers in					Total
	General Fund	Non-Major Governmental and Other Funds	Water Fund	Wastewater Fund	Sanitation Fund	
Transfers out						
General Fund	\$	\$ 1,375,222	\$	\$	\$	\$ 1,375,222
Special Assessment Districts Fund	33,440	164				33,604
Non-Major and Other Governmental Funds	591,673	331,049	259,802	17,283	26,222	1,226,029
Water Fund	411,238	138,876				550,114
Wastewater Fund	136,827	42,968	516,351			696,146
Sanitation Fund	212,081	66,371				278,452
Total	<u>\$ 1,385,259</u>	<u>\$ 1,954,650</u>	<u>\$ 776,153</u>	<u>\$ 17,283</u>	<u>\$ 26,222</u>	<u>\$ 4,159,567</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.

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 12 – 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 13 – 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, 2014**

**NOTE 13 – 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).

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-

**NOTE 14 – 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, 2014**

**NOTE 14 – 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 11.54 percent (11.30 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 11.54 percent (10.70 percent for retirement, 0.60 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.

	<u>Retirement Fund</u>	<u>Health Benefit Supplement Fund</u>	<u>Long-Term Disability Fund</u>
Years ended June 30,			
2014	\$ 957,344	\$ 53,683	\$ 21,473
2013	994,058	63,038	23,276
2012	962,978	61,467	23,416

**CITY OF KINGMAN, ARIZONA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**NOTE 14 – 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 26.22 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.3 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 25.48 percent, the aggregate of which is the actuarially required amount. The health insurance premium portion of the contribution rate was actuarially set at 1.33 percent of covered payroll.

*Actuarial methods and assumptions* – The contribution requirements for the current year end were established by the June 30, 2012 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 2013-2014 contribution requirements are as follows.

Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry age normal
Amortization method	Level percent of pay closed
Remaining amortization period	24 years for underfunded, 20 years for overfunded
Asset valuation method	7 year smoothed market, 80%/120% market
Actuarial assumptions:	
Investment rate of return	8.0%
Projected salary increases	5.0% - 9.0%
Inflation rate	None
Payroll growth	5.0%
Cost-of-living adjustments	None

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 14 – PENSIONS AND OTHER POSTEMPLOYMENT BENEFITS (Concl'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
<u>PSPRS – Police</u>				
Pension	2014	\$ 748,671	100%	0
	2013	694,398	100%	0
	2012	610,702	100%	0
Health Insurance	2014	\$ 9,861	100%	0
	2013	17,520	100%	0
	2012	14,640	100%	0
<u>PSPRS – Fire</u>				
Pension	2014	\$ 639,721	100%	0
	2013	655,799	100%	0
	2012	616,409	100%	0
Health Insurance	2014	\$ 8,623	100%	0
	2013	10,800	100%	0
	2012	10,500	100%	0

**Funding Progress** - As of June 30, 2014, the most recent actuarial calculation date, the firefighters plan was 61 percent funded and the police was 52 percent funded. The actuarial accrued liability for benefits was \$23.7 million and \$22.7 million and the actuarial value of assets was \$14.5 million and \$11.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$9.2 million and \$10.9 million, respectively. The covered payrolls (annual payrolls of active employees covered by the plans) were \$2.7 million and \$2.9 million, and the ratio of the UAAL to the covered payroll was 346 percent and 378 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, 2014**

**NOTE 15 – 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	149,513
Adjustment to annual required contribution	<u>(203,974)</u>
Annual OPEB cost (expense)	571,391
Contributions made	<u>(102,415)</u>
Increase in net OPEB obligation	468,976
Net OPEB obligation – beginning of year	<u>3,322,513</u>
Net OPEB obligation – end of year	<u>\$ 3,791,489</u>

**CITY OF KINGMAN, ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 15 – 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, 2014 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, 2014	\$ 571,391	\$ 102,415	18%	\$ 3,791,489
June 30, 2013	579,099	108,877	19	3,322,513
June 30, 2012	851,654	163,398	19	2,852,291

**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, 2014**

**NOTE 15 – 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.

**NOTE 16 – NEW ACCOUNTING PRONOUNCEMENT**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* will be effective for the City's June 30, 2015 fiscal year end. This Statement replaces the requirements of prior GASB standards for pensions accounting and reporting. This Statement requires governments providing defined benefit pensions to recognize the long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Each employer participating in a multiple-employer defined benefit pension plan will be required to record a liability representing their "proportionate share" of the plan's total net pension liability. This Statement also enhances accountability and transparency through revised note disclosures and new required supplementary information.

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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, 2014**

	Budgeted Amounts		Variance with Final Budget Positive (Negative)
	Original & Final	Non-GAAP Actual	
<b>Revenues:</b>			
Taxes	\$ 15,580,000	\$ 16,443,768	\$ 863,768
Licenses and permits	105,900	101,622	(4,278)
Intergovernmental	5,431,404	5,571,651	140,247
Charges for services	1,757,500	1,914,551	157,051
Fines and forfeits	281,000	248,962	(32,038)
Investment income		37,919	37,919
Miscellaneous		45,419	45,419
<b>Total revenues</b>	<u>23,155,804</u>	<u>24,363,892</u>	<u>1,208,088</u>
<b>Expenditures:</b>			
Current -			
General government			
Magistrate court	1,388,198	1,356,946	31,252
Mayor and council	170,512	136,089	34,423
City manager	237,333	156,011	81,322
Finance department	830,108	750,809	79,299
City attorney	588,877	548,435	40,442
City clerk	283,021	237,097	45,924
Human resources director	605,617	567,586	38,031
Planning and zoning	554,728	462,408	92,320
Total general government	<u>4,658,394</u>	<u>4,215,381</u>	<u>443,013</u>
Public safety			
Police department	8,173,095	7,880,123	292,972
Fire department	5,586,161	5,450,575	135,586
Building inspections	607,553	544,905	62,648
Total public safety	<u>14,366,809</u>	<u>13,875,603</u>	<u>491,206</u>
Culture and recreation			
Recreation	532,719	425,570	107,149
Swimming	388,916	320,056	68,860
Municipal golf course	1,234,374	1,108,416	125,958
Parks	1,645,428	1,549,429	95,999
Total culture and recreation	<u>3,801,437</u>	<u>3,403,471</u>	<u>397,966</u>
Economic development			
Tourism commission	776,900	280,651	496,249
Marketing commission	25,000	12,959	12,041
Total economic development	<u>801,900</u>	<u>293,610</u>	<u>508,290</u>
Capital outlay			
Total capital outlay	<u>724,000</u>	<u>647,290</u>	<u>76,710</u>
Debt services			
Principal retirement		50,922	(50,922)
Interest and fiscal charges		3,284	(3,284)
Total debt services		<u>54,206</u>	<u>(54,206)</u>
<b>Total expenditures</b>	<u>24,352,540</u>	<u>22,489,561</u>	<u>1,862,979</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,196,736)</u>	<u>1,874,331</u>	<u>3,071,067</u>
<b>Other financing sources (uses):</b>			
Transfers in	1,949,966	1,385,259	(564,707)
Transfers out	<u>(2,538,556)</u>	<u>(1,475,222)</u>	<u>1,063,334</u>
<b>Total other financing sources (uses)</b>	<u>(588,590)</u>	<u>(89,963)</u>	<u>498,627</u>
<b>Change in fund balances</b>	<u>(1,785,326)</u>	<u>1,784,368</u>	<u>3,569,694</u>
<b>Fund balances, beginning of year</b>	6,917,010	7,679,075	762,065
<b>Fund balances, end of year</b>	<u>\$ 5,131,684</u>	<u>\$ 9,463,443</u>	<u>\$ 4,331,759</u>

See accompanying notes to this schedule.

**CITY OF KINGMAN, ARIZONA  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

**NOTE 1 – BUDGETARY BASIS OF ACCOUNTING**

The District budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America, except for the following item.

- Certain activities reported in the General Fund are budgeted in separate funds.

The following schedule reconciles expenditures and fund balances at the end of year.

	Total Expenditures	Fund Balances End of Year
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	\$ 22,627,777	\$ 9,594,815
Activity budgeted as special revenue funds	(138,216)	(131,372)
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	\$ 22,489,561	\$ 9,463,443

**CITY OF KINGMAN, ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2014**

**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)
2014	\$11,804,172	\$22,675,593	\$ 10,871,421	52.1%	\$ 2,878,476	377.7%
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

**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)
2014	\$14,535,992	\$23,726,013	\$9,190,021	61.3%	\$ 2,655,299	346.1%
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

**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, 2014**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 2,590,431	\$ 976,397	\$ 5,711,340
Restricted cash and investments	414,846		
Intergovernmental receivable	720,195		
Accounts receivable	59,415		
<b>Total assets</b>	<u><u>\$ 3,784,887</u></u>	<u><u>\$ 976,397</u></u>	<u><u>\$ 5,711,340</u></u>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 687,073	\$	\$ 378,269
Accrued payroll and employee benefits	48,936		
Interest payable		47,997	
Deposits held for others	414,846		
Unearned revenue	108,625		1,670,226
Bonds payable		820,000	
<b>Total liabilities</b>	<u><u>1,259,480</u></u>	<u><u>867,997</u></u>	<u><u>2,048,495</u></u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental	<u>24,084</u>		
Fund balances:			
Restricted	2,358,180	108,400	1,756,170
Committed			143,060
Assigned	143,143		1,763,615
<b>Total fund balances</b>	<u><u>2,501,323</u></u>	<u><u>108,400</u></u>	<u><u>3,662,845</u></u>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <u><u>\$ 3,784,887</u></u>	 <u><u>\$ 976,397</u></u>	 <u><u>\$ 5,711,340</u></u>

Total Non-  
Major  
Governmental  
Fund

\$ 9,278,168  
414,846  
720,195  
59,415  
\$ 10,472,624

\$ 1,065,342  
48,936  
47,997  
414,846  
1,778,851  
820,000  
4,175,972

24,084

4,222,750  
143,060  
1,906,758  
6,272,568

\$ 10,472,624

**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, 2014**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues:</b>			
Taxes	\$ 705,160	\$	\$ 380,786
Intergovernmental	4,384,027		726,491
Investment income	12,705	462	24,795
Special assessments	3,550		
Development investment fees			166,708
Miscellaneous	230,670		22,828
<b>Total revenues</b>	<u>5,336,112</u>	<u>462</u>	<u>1,321,608</u>
<b>Expenditures:</b>			
Current -			
General government	307		
Public safety	816,083		
Highways and streets	3,144,347		
Economic development	93,779		
Capital outlay	733,650		1,191,468
Debt service -			
Principal retirement	46,051	820,000	
Interest and fiscal charges	15,025	97,244	
<b>Total expenditures</b>	<u>4,849,242</u>	<u>917,244</u>	<u>1,191,468</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>486,870</u>	<u>(916,782)</u>	<u>130,140</u>
<b>Other financing sources (uses):</b>			
Transfers in	482,395	915,994	483,353
Transfers out	(462,239)		(250,000)
<b>Total other financing sources (uses):</b>	<u>20,156</u>	<u>915,994</u>	<u>233,353</u>
<b>Changes in fund balances</b>	<u>507,026</u>	<u>(788)</u>	<u>363,493</u>
<b>Fund balances, beginning of year</b>	1,994,297	109,188	3,299,352
<b>Fund balances, end of year</b>	<u>\$ 2,501,323</u>	<u>\$ 108,400</u>	<u>\$ 3,662,845</u>

Total Non-  
Major  
Governmental  
Funds

\$ 1,085,946  
5,110,518  
37,962  
3,550  
166,708  
253,498  
6,658,182

307  
816,083  
3,144,347  
93,779  
1,925,118

866,051  
112,269  
6,957,954

(299,772)

1,881,742  
(712,239)

1,169,503

869,731

5,402,837

\$ 6,272,568

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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, 2014**

	<u>HURF</u>	<u>Transit System</u>	<u>Grants</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 2,193,128	\$ 111,815	\$ 285,488
Restricted cash and investments			414,846
Intergovernmental receivable	214,161	77,903	428,131
Accounts receivable			59,415
<b>Total assets</b>	<u><u>\$ 2,407,289</u></u>	<u><u>\$ 189,718</u></u>	<u><u>\$ 1,187,880</u></u>
 <b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$ 513,929	\$ 4,498	\$ 168,646
Accrued payroll and employee benefits	30,943	17,993	
Deposits held for others			414,846
Unearned revenue	108,625		
<b>Total liabilities</b>	<u>653,497</u>	<u>22,491</u>	<u>583,492</u>
Deferred inflows of resources:			
Unavailable revenues - intergovernmental		24,084	
Fund balances:			
Restricted	1,753,792		604,388
Assigned		143,143	
<b>Total fund balances</b>	<u>1,753,792</u>	<u>143,143</u>	<u>604,388</u>
 <b>Total liabilities, deferred inflows of resources and fund balances</b>	 <u><u>\$ 2,407,289</u></u>	 <u><u>\$ 189,718</u></u>	 <u><u>\$ 1,187,880</u></u>

Totals

\$ 2,590,431  
414,846  
720,195  
59,415  
\$ 3,784,887

\$ 687,073  
48,936  
414,846  
108,625  
1,259,480

24,084

2,358,180  
143,143  
2,501,323

\$ 3,784,887

**CITY OF KINGMAN, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	<u>HURF</u>	<u>Transit System</u>	<u>Grants</u>
<b>Revenues:</b>			
Taxes	\$ 705,160	\$	\$
Intergovernmental	2,246,218	447,055	1,690,754
Investment income	9,328	456	2,921
Special assessments	3,550		
Miscellaneous	26,498	173,157	31,015
<b>Total revenues</b>	<u>2,990,754</u>	<u>620,668</u>	<u>1,724,690</u>
<b>Expenditures:</b>			
Current -			
General government			307
Public safety			816,083
Highways and streets	2,343,771	765,471	35,105
Economic development			93,779
Capital outlay	140,024	116,586	477,040
Debt service -			
Principal retirement	46,051		
Interest and fiscal charges	15,025		
<b>Total expenditures</b>	<u>2,544,871</u>	<u>882,057</u>	<u>1,422,314</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>445,883</u>	<u>(261,389)</u>	<u>302,376</u>
<b>Other financing sources (uses):</b>			
Transfers in	265,033	211,323	6,039
Transfers out	(197,226)		(265,013)
<b>Total other financing sources (uses):</b>	<u>67,807</u>	<u>211,323</u>	<u>(258,974)</u>
<b>Changes in fund balances</b>	<u>513,690</u>	<u>(50,066)</u>	<u>43,402</u>
<b>Fund balances, beginning of year</b>	1,240,102	193,209	560,986
<b>Fund balances, end of year</b>	<u>\$ 1,753,792</u>	<u>\$ 143,143</u>	<u>\$ 604,388</u>

Totals

\$ 705,160  
4,384,027  
12,705  
3,550  
230,670  
5,336,112

307  
816,083  
3,144,347  
93,779  
733,650

46,051  
15,025  
4,849,242

486,870

482,395  
(462,239)  
20,156

507,026

1,994,297

\$ 2,501,323

**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, 2014**

	HURF		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ 588,000	\$ 705,160	\$ 117,160
Intergovernmental	2,100,000	2,246,218	146,218
Investment income		9,328	9,328
Special assessments		3,550	3,550
Miscellaneous		26,498	26,498
<b>Total revenues</b>	<u>2,688,000</u>	<u>2,990,754</u>	<u>302,754</u>
<b>Expenditures:</b>			
Current -			
General government			
Public safety			
Highways and streets	3,229,412	2,343,771	885,641
Economic development			
Capital outlay	151,200	140,024	11,176
Debt service -			
Principal retirement		46,051	(46,051)
Interest and fiscal charges		15,025	(15,025)
<b>Total expenditures</b>	<u>3,380,612</u>	<u>2,544,871</u>	<u>835,741</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(692,612)</u>	<u>445,883</u>	<u>1,138,495</u>
<b>Other financing sources (uses):</b>			
Transfers in	270,533	265,033	(5,500)
Transfers out	(197,226)	(197,226)	
<b>Total other financing sources (uses):</b>	<u>73,307</u>	<u>67,807</u>	<u>(5,500)</u>
<b>Changes in fund balances</b>	<u>(619,305)</u>	<u>513,690</u>	<u>1,132,995</u>
<b>Fund balances, beginning of year</b>	1,068,311	1,240,102	171,791
<b>Fund balances, end of year</b>	<u>\$ 449,006</u>	<u>\$ 1,753,792</u>	<u>\$ 1,304,786</u>

Transit System			Improvement District Bond Repayment		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 591,710	\$ 447,055	\$ (144,655)	\$	\$	\$
	456	456		119	119
134,000	173,157	39,157	3,681	3,682	1
<u>725,710</u>	<u>620,668</u>	<u>(105,042)</u>	<u>3,681</u>	<u>3,801</u>	<u>120</u>
791,273	765,471	25,802			
136,000	116,586	19,414			
<u>927,273</u>	<u>882,057</u>	<u>45,216</u>			
<u>(201,563)</u>	<u>(261,389)</u>	<u>(59,826)</u>	<u>3,681</u>	<u>3,801</u>	<u>120</u>
211,323	211,323				
<u>211,323</u>	<u>211,323</u>				
9,760	(50,066)	(59,826)	3,681	3,801	120
11,206	193,209	182,003	87,103	87,157	54
<u>\$ 20,966</u>	<u>\$ 143,143</u>	<u>\$ 122,177</u>	<u>\$ 90,784</u>	<u>\$ 90,958</u>	<u>\$ 174</u>

(Continued)

**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, 2014**

	Powerhouse		Variance - Positive (Negative)
	Budget	Non-GAAP Actual	
<b>Revenues:</b>			
Taxes	\$	\$	\$
Intergovernmental			
Investment income		178	178
Special assessments			
Miscellaneous	50,000	56,537	6,537
<b>Total revenues</b>	<u>50,000</u>	<u>56,715</u>	<u>6,715</u>
<b>Expenditures:</b>			
Current -			
General government	139,850	138,216	1,634
Public safety			
Highways and streets			
Economic development			
Capital outlay			
Debt service -			
Principal retirement			
Interest and fiscal charges			
<b>Total expenditures</b>	<u>139,850</u>	<u>138,216</u>	<u>1,634</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(89,850)</u>	<u>(81,501)</u>	<u>8,349</u>
<b>Other financing sources (uses):</b>			
Transfers in	100,000	100,000	
Transfers out			
<b>Total other financing sources (uses):</b>	<u>100,000</u>	<u>100,000</u>	
<b>Changes in fund balances</b>	<u>10,150</u>	<u>18,499</u>	<u>8,349</u>
<b>Fund balances, beginning of year</b>	22,169	21,915	(254)
<b>Fund balances, end of year</b>	<u>\$ 32,319</u>	<u>\$ 40,414</u>	<u>\$ 8,095</u>

Grants			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Non-GAAP Actual	Variance - Positive (Negative)
\$ 2,665,476	\$ 1,690,754	\$ (974,722)	\$ 588,000	\$ 705,160	\$ 117,160
	2,921	2,921	5,357,186	4,384,027	(973,159)
				13,002	13,002
1,853,440	31,015	(1,822,425)	3,681	7,232	3,551
<u>4,518,916</u>	<u>1,724,690</u>	<u>(2,794,226)</u>	<u>2,037,440</u>	<u>287,207</u>	<u>(1,750,233)</u>
			<u>7,986,307</u>	<u>5,396,628</u>	<u>(2,589,679)</u>
	307	(307)	139,850	138,523	1,327
3,623,326	816,083	2,807,243	3,623,326	816,083	2,807,243
210,000	35,105	174,895	4,230,685	3,144,347	1,086,338
605,000	93,779	511,221	605,000	93,779	511,221
	477,040	(477,040)	287,200	733,650	(446,450)
				46,051	(46,051)
				15,025	(15,025)
<u>4,438,326</u>	<u>1,422,314</u>	<u>3,016,012</u>	<u>8,886,061</u>	<u>4,987,458</u>	<u>3,898,603</u>
<u>80,590</u>	<u>302,376</u>	<u>221,786</u>	<u>(899,754)</u>	<u>409,170</u>	<u>1,308,924</u>
94,707	6,039	(88,668)	676,563	582,395	(94,168)
(456,120)	(265,013)	191,107	(653,346)	(462,239)	191,107
<u>(361,413)</u>	<u>(258,974)</u>	<u>102,439</u>	<u>23,217</u>	<u>120,156</u>	<u>96,939</u>
(280,823)	43,402	324,225	(876,537)	529,326	1,405,863
470,018	560,986	90,968	1,658,807	2,103,369	444,562
<u>\$ 189,195</u>	<u>\$ 604,388</u>	<u>\$ 415,193</u>	<u>\$ 782,270</u>	<u>\$ 2,632,695</u>	<u>\$ 1,850,425</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.

**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, 2014**

	MPC Debt	Totals
<b><u>ASSETS</u></b>		
Cash and investments	\$ 976,397	\$ 976,397
<b>Total assets</b>	<b>\$ 976,397</b>	<b>\$ 976,397</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>		
Liabilities:		
Interest payable	\$ 47,997	\$ 47,997
Bonds payable	820,000	820,000
<b>Total liabilities</b>	<b>867,997</b>	<b>867,997</b>
Fund balances:		
Restricted	108,400	108,400
<b>Total fund balances</b>	<b>108,400</b>	<b>108,400</b>
 <b>Total liabilities and fund balances</b>	 <b>\$ 976,397</b>	 <b>\$ 976,397</b>

**CITY OF KINGMAN, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NON-MAJOR DEBT SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	<u>MPC Debt</u>	<u>Totals</u>
<b>Revenues:</b>		
Investment income	\$ 462	\$ 462
<b>Total revenues</b>	<u>462</u>	<u>462</u>
<b>Expenditures:</b>		
Debt service -		
Principal retirement	820,000	820,000
Interest and fiscal charges	97,244	97,244
<b>Total expenditures</b>	<u>917,244</u>	<u>917,244</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(916,782)</u>	<u>(916,782)</u>
<b>Other financing sources (uses):</b>		
Transfers in	915,994	915,994
<b>Total other financing sources (uses):</b>	<u>915,994</u>	<u>915,994</u>
<b>Changes in fund balances</b>	<u>(788)</u>	<u>(788)</u>
<b>Fund balances, beginning of year</b>	109,188	109,188
<b>Fund balances, end of year</b>	<u>\$ 108,400</u>	<u>\$ 108,400</u>

**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, 2014**

	MPC Debt		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Investment income	\$	\$ 462	\$ 462
Special assessments			
<b>Total revenues</b>		<u>462</u>	<u>462</u>
<b>Expenditures:</b>			
Debt service -			
Principal retirement	917,243	820,000	97,243
Interest and fiscal charges		97,244	(97,244)
<b>Total expenditures</b>	<u>917,243</u>	<u>917,244</u>	<u>(1)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(917,243)</u>	<u>(916,782)</u>	<u>461</u>
<b>Other financing sources (uses):</b>			
Transfers in	915,994	915,994	
Transfers out			
<b>Total other financing sources (uses):</b>	<u>915,994</u>	<u>915,994</u>	
<b>Changes in fund balances</b>	<u>(1,249)</u>	<u>(788)</u>	<u>461</u>
<b>Fund balances, beginning of year</b>	109,428	109,188	(240)
<b>Fund balances, end of year</b>	<u>\$ 108,179</u>	<u>\$ 108,400</u>	<u>\$ 221</u>

Special Assessment Districts			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 1,104,589	\$ 9,633	\$ (1,094,956)	\$ 1,104,589	\$ 10,095	\$ (1,094,494)
	1,246,011	1,246,011		1,246,011	1,246,011
<u>1,104,589</u>	<u>1,255,644</u>	<u>151,055</u>	<u>1,104,589</u>	<u>1,256,106</u>	<u>151,517</u>
1,606,113	1,215,279	390,834	2,523,356	2,035,279	488,077
	391,085	(391,085)		488,329	(488,329)
<u>1,606,113</u>	<u>1,606,364</u>	<u>(251)</u>	<u>2,523,356</u>	<u>2,523,608</u>	<u>(252)</u>
<u>(501,524)</u>	<u>(350,720)</u>	<u>150,804</u>	<u>(1,418,767)</u>	<u>(1,267,502)</u>	<u>151,265</u>
			915,994	915,994	
<u>(33,440)</u>	<u>(33,604)</u>	<u>(164)</u>	<u>(33,440)</u>	<u>(33,604)</u>	<u>(164)</u>
<u>(33,440)</u>	<u>(33,604)</u>	<u>(164)</u>	<u>882,554</u>	<u>882,390</u>	<u>(164)</u>
<u>(534,964)</u>	<u>(384,324)</u>	<u>150,640</u>	<u>(536,213)</u>	<u>(385,112)</u>	<u>151,101</u>
3,116,255	3,141,523	25,268	3,225,683	3,250,711	25,028
<u>\$ 2,581,291</u>	<u>\$ 2,757,199</u>	<u>\$ 175,908</u>	<u>\$ 2,689,470</u>	<u>\$ 2,865,599</u>	<u>\$ 176,129</u>

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## CAPITAL PROJECTS FUNDS

**Local Construction Fund** – accounts for projects funded from local sources.

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

**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, 2014**

	Local Construction	Capital Projects	Kingman Crossing
<b><u>ASSETS</u></b>			
Cash and investments	\$ 367,867	\$ 1,989,374	\$ 1,238,999
<b>Total assets</b>	<b>\$ 367,867</b>	<b>\$ 1,989,374</b>	<b>\$ 1,238,999</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>			
Liabilities:			
Accounts payable	\$	\$ 292,794	\$
Unearned revenue		453,068	1,157,158
<b>Total liabilities</b>		745,862	1,157,158
Fund balances:			
Restricted			
Committed		143,060	
Assigned	367,867	1,100,452	81,841
<b>Total fund balances</b>	<b>367,867</b>	<b>1,243,512</b>	<b>81,841</b>
 <b>Total liabilities and fund balances</b>	<b>\$ 367,867</b>	<b>\$ 1,989,374</b>	<b>\$ 1,238,999</b>

<u>Rancho Santa Fe Parkway</u>	<u>Flood Control</u>	<u>Totals</u>
\$ 273,455	\$ 1,841,645	\$ 5,711,340
<u>\$ 273,455</u>	<u>\$ 1,841,645</u>	<u>\$ 5,711,340</u>
\$ 60,000	\$ 85,475	\$ 378,269
<u>60,000</u>	<u>85,475</u>	<u>1,670,226</u>
		<u>2,048,495</u>
	1,756,170	1,756,170
		143,060
<u>213,455</u>		<u>1,763,615</u>
<u>213,455</u>	<u>1,756,170</u>	<u>3,662,845</u>
<u>\$ 273,455</u>	<u>\$ 1,841,645</u>	<u>\$ 5,711,340</u>

**CITY OF KINGMAN, ARIZONA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**ALL CAPITAL PROJECTS FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	Local Construction	Capital Projects	Kingman Crossing
<b>Revenues:</b>			
Taxes	\$	\$ 380,786	\$
Intergovernmental			
Investment income	1,584	8,822	5,079
Development investment fees		166,708	
Miscellaneous		22,828	
<b>Total revenues</b>	<u>1,584</u>	<u>579,144</u>	<u>5,079</u>
<b>Expenditures:</b>			
Capital outlay		839,858	9,925
<b>Total expenditures</b>		<u>839,858</u>	<u>9,925</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>1,584</u>	<u>(260,714)</u>	<u>(4,846)</u>
<b>Other financing sources (uses):</b>			
Transfers in	164	483,189	
Transfers out			
<b>Total other financing sources (uses):</b>	<u>164</u>	<u>483,189</u>	
<b>Changes in fund balances</b>	<u>1,748</u>	<u>222,475</u>	<u>(4,846)</u>
<b>Fund balances, beginning of year</b>	366,119	1,021,037	86,687
<b>Fund balances, end of year</b>	<u>\$ 367,867</u>	<u>\$ 1,243,512</u>	<u>\$ 81,841</u>

<u>Rancho Santa Fe Parkway</u>	<u>Flood Control</u>	<u>Totals</u>
\$	\$	\$
	726,491	380,786
1,164	8,146	726,491
		24,795
		166,708
		22,828
<u>1,164</u>	<u>734,637</u>	<u>1,321,608</u>
	341,685	1,191,468
	<u>341,685</u>	<u>1,191,468</u>
<u>1,164</u>	<u>392,952</u>	<u>130,140</u>
		483,353
	(250,000)	(250,000)
	<u>(250,000)</u>	<u>233,353</u>
<u>1,164</u>	<u>142,952</u>	<u>363,493</u>
212,291	1,613,218	3,299,352
<u>\$ 213,455</u>	<u>\$ 1,756,170</u>	<u>\$ 3,662,845</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, 2014**

	Local Construction		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Taxes	\$	\$	\$
Intergovernmental			
Investment income		1,584	1,584
Development investment fees			
Miscellaneous			
<b>Total revenues</b>		<u>1,584</u>	<u>1,584</u>
<b>Expenditures:</b>			
Capital outlay	400,000		400,000
<b>Total expenditures</b>	<u>400,000</u>		<u>400,000</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(400,000)</u>	<u>1,584</u>	<u>401,584</u>
<b>Other financing sources (uses):</b>			
General obligation bonds issued			
Transfers in		164	164
Transfers out			
<b>Total other financing sources (uses):</b>		<u>164</u>	<u>164</u>
<b>Changes in fund balances</b>	<u>(400,000)</u>	<u>1,748</u>	<u>401,748</u>
<b>Fund balances, beginning of year</b>	427,732	366,119	(61,613)
<b>Fund balances, end of year</b>	<u>\$ 27,732</u>	<u>\$ 367,867</u>	<u>\$ 340,135</u>

Capital Projects			Kingman Crossing		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 350,000	\$ 380,786	\$ 30,786	\$	\$	\$
4,000,000		(4,000,000)			
1,300	8,822	7,522		5,079	5,079
	166,708	166,708			
	22,828	22,828	18,049,843		(18,049,843)
<u>4,351,300</u>	<u>579,144</u>	<u>(3,772,156)</u>	<u>18,049,843</u>	<u>5,079</u>	<u>(18,044,764)</u>
5,549,615	839,858	4,709,757	19,207,000	9,925	19,197,075
<u>5,549,615</u>	<u>839,858</u>	<u>4,709,757</u>	<u>19,207,000</u>	<u>9,925</u>	<u>19,197,075</u>
(1,198,315)	(260,714)	937,601	(1,157,157)	(4,846)	1,152,311
2,066,772	483,189	(1,583,583)	1,157,157		(1,157,157)
(1,217,157)		1,217,157			
<u>849,615</u>	<u>483,189</u>	<u>(366,426)</u>	<u>1,157,157</u>		<u>(1,157,157)</u>
(348,700)	222,475	571,175		(4,846)	(4,846)
807,352	1,021,037	213,685	86,231	86,687	456
<u>\$ 458,652</u>	<u>\$ 1,243,512</u>	<u>\$ 784,860</u>	<u>\$ 86,231</u>	<u>\$ 81,841</u>	<u>\$ (4,390)</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, 2014**

	Rancho Santa Fe Parkway		Variance - Positive (Negative)
	Budget	Actual	
<b>Revenues:</b>			
Taxes	\$	\$	\$
Intergovernmental	27,423,821		(27,423,821)
Investment income		1,164	1,164
Development investment fees			
Miscellaneous	1,712,000		(1,712,000)
<b>Total revenues</b>	<u>29,135,821</u>	<u>1,164</u>	<u>(29,134,657)</u>
<b>Expenditures:</b>			
Capital outlay	49,295,745		49,295,745
<b>Total expenditures</b>	<u>49,295,745</u>		<u>49,295,745</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(20,159,924)</u>	<u>1,164</u>	<u>20,161,088</u>
<b>Other financing sources (uses):</b>			
General obligation bonds issued	20,099,924		(20,099,924)
Transfers in	60,000		(60,000)
Transfers out			
<b>Total other financing sources (uses):</b>	<u>20,159,924</u>		<u>(20,159,924)</u>
<b>Changes in fund balances</b>		<u>1,164</u>	<u>1,164</u>
<b>Fund balances, beginning of year</b>	211,177	212,291	1,114
<b>Fund balances, end of year</b>	<u>\$ 211,177</u>	<u>\$ 213,455</u>	<u>\$ 2,278</u>

Flood Control			Totals		
Budget	Actual	Variance - Positive (Negative)	Budget	Actual	Variance - Positive (Negative)
\$ 798,384	\$ 726,491	\$ (71,893)	\$ 350,000	\$ 380,786	\$ 30,786
3,000	8,146	5,146	32,222,205	726,491	(31,495,714)
			4,300	24,795	20,495
				166,708	166,708
			19,761,843	22,828	(19,739,015)
<u>801,384</u>	<u>734,637</u>	<u>(66,747)</u>	<u>52,338,348</u>	<u>1,321,608</u>	<u>(51,016,740)</u>
1,050,000	341,685	708,315	75,502,360	1,191,468	74,310,892
<u>1,050,000</u>	<u>341,685</u>	<u>708,315</u>	<u>75,502,360</u>	<u>1,191,468</u>	<u>74,310,892</u>
(248,616)	392,952	641,568	(23,164,012)	130,140	23,294,152
			20,099,924		(20,099,924)
			3,283,929	483,353	(2,800,576)
<u>(250,000)</u>	<u>(250,000)</u>		<u>(1,467,157)</u>	<u>(250,000)</u>	<u>1,217,157</u>
<u>(250,000)</u>	<u>(250,000)</u>		<u>21,916,696</u>	<u>233,353</u>	<u>(21,683,343)</u>
(498,616)	142,952	641,568	(1,247,316)	363,493	1,610,809
720,525	1,613,218	892,693	2,253,017	3,299,352	1,046,335
<u>\$ 221,909</u>	<u>\$ 1,756,170</u>	<u>\$ 1,534,261</u>	<u>\$ 1,005,701</u>	<u>\$ 3,662,845</u>	<u>\$ 2,657,144</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 Technology 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, 2014**

	911 Dispatch Center	Fleet Services	Insurance Services
<b><u>ASSETS</u></b>			
Current assets:			
Cash and investments	\$ 507,990	\$ 216,462	\$ 1,222,551
<b>Total current assets</b>	<b>507,990</b>	<b>216,462</b>	<b>1,222,551</b>
Noncurrent assets:			
Land		567,000	
Buildings		576,100	
Improvements other than buildings	10,060	78,660	
Vehicles, machinery, and equipment	59,366	163,318	
Accumulated depreciation	(11,903)	(577,057)	
<b>Total noncurrent assets</b>	<b>57,523</b>	<b>808,021</b>	
<b>Total assets</b>	<b>565,513</b>	<b>1,024,483</b>	<b>1,222,551</b>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	147	26,088	5,576
Accrued payroll and employee benefits	21,435	14,067	
Compensated absences payable	29,873	39,870	
Obligations under capital leases		48,726	
<b>Total current liabilities</b>	<b>51,455</b>	<b>128,751</b>	<b>5,576</b>
Noncurrent liabilities:			
Non-current portion of long-term obligations		163,834	
<b>Total noncurrent liabilities</b>	<b></b>	<b>163,834</b>	<b></b>
<b>Total liabilities</b>	<b>51,455</b>	<b>292,585</b>	<b>5,576</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	57,523	595,461	
Unrestricted	456,535	136,437	1,216,975
<b>Total net position</b>	<b>\$ 514,058</b>	<b>\$ 731,898</b>	<b>\$ 1,216,975</b>

Building Maintenance Services	Information Technology	Benefits Reserve Fund	Totals
\$ 685,683	\$ 312,254	\$ 2,048,658	\$ 4,993,598
<u>685,683</u>	<u>312,254</u>	<u>2,048,658</u>	<u>4,993,598</u>
			567,000
			576,100
			88,720
6,257	839,796		1,068,737
(1,043)	(759,684)		(1,349,687)
<u>5,214</u>	<u>80,112</u>		<u>950,870</u>
<u>690,897</u>	<u>392,366</u>	<u>2,048,658</u>	<u>5,944,468</u>
			78,273
5,160	38,190	3,112	59,637
6,685	17,450		112,098
12,081	30,274		48,726
<u>23,926</u>	<u>85,914</u>	<u>3,112</u>	<u>298,734</u>
			163,834
			163,834
<u>23,926</u>	<u>85,914</u>	<u>3,112</u>	<u>462,568</u>
			738,310
5,214	80,112		4,743,590
661,757	226,340	2,045,546	<u>5,481,900</u>
<u>\$ 666,971</u>	<u>\$ 306,452</u>	<u>\$ 2,045,546</u>	<u>\$ 5,481,900</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, 2014**

	<u>911 Dispatch Center</u>	<u>Fleet Services</u>	<u>Insurance Services</u>
<b>Operating revenues:</b>			
Charges for services	\$ 1,082,911	\$ 1,228,880	\$ 605,000
Contributions			
Miscellaneous	171,495		
<b>Total operating revenues</b>	<u>1,254,406</u>	<u>1,228,880</u>	<u>605,000</u>
<b>Operating expenses:</b>			
Costs of sales and services	1,082,527	1,184,071	676,443
Depreciation	4,842	20,340	
Premiums			
Administrative			
<b>Total operating expenses</b>	<u>1,087,369</u>	<u>1,204,411</u>	<u>676,443</u>
<b>Operating income (loss)</b>	<u>167,037</u>	<u>24,469</u>	<u>(71,443)</u>
<b>Nonoperating revenues (expenses):</b>			
Investment income	11	929	6,178
Miscellaneous			1,172
Interest expense		(15,025)	
<b>Total nonoperating revenues (expenses)</b>	<u>11</u>	<u>(14,096)</u>	<u>7,350</u>
<b>Income (loss) before transfers</b>	<u>167,048</u>	<u>10,373</u>	<u>(64,093)</u>
<b>Transfers in</b>	15,495	11,323	
<b>Transfers out</b>	<u>(62,000)</u>		
<b>Changes in net position</b>	<u>120,543</u>	<u>21,696</u>	<u>(64,093)</u>
<b>Total net position, beginning of year</b>	393,515	710,202	1,281,068
<b>Total net position, end of year</b>	<u>\$ 514,058</u>	<u>\$ 731,898</u>	<u>\$ 1,216,975</u>

Building Maintenance Services	Information Technology	Benefits Reserve Fund	Totals
\$ 682,600	\$ 1,063,175	\$ 4,074,540	\$ 4,662,566
<u>682,600</u>	<u>1,063,175</u>	<u>4,074,540</u>	<u>8,908,601</u>
671,336	1,078,675		4,693,052
417	44,022		69,621
		4,307,512	4,307,512
		29,893	29,893
<u>671,753</u>	<u>1,122,697</u>	<u>4,337,405</u>	<u>9,100,078</u>
<u>10,847</u>	<u>(59,522)</u>	<u>(262,865)</u>	<u>(191,477)</u>
2,954	1,320	9,030	20,422
2,301	119		3,592
			(15,025)
<u>5,255</u>	<u>1,439</u>	<u>9,030</u>	<u>8,989</u>
<u>16,102</u>	<u>(58,083)</u>	<u>(253,835)</u>	<u>(182,488)</u>
6,555	39,535		72,908
		(451,790)	(513,790)
<u>22,657</u>	<u>(18,548)</u>	<u>(705,625)</u>	<u>(623,370)</u>
644,314	325,000	2,751,171	6,105,270
<u>\$ 666,971</u>	<u>\$ 306,452</u>	<u>\$ 2,045,546</u>	<u>\$ 5,481,900</u>

**CITY OF KINGMAN, ARIZONA**  
**COMBINING STATEMENT OF CASH FLOWS - ALL INTERNAL SERVICE FUNDS**  
**YEAR ENDED JUNE 30, 2014**

	<u>911 Dispatch Center</u>	<u>Fleet Services</u>	<u>Insurance Services</u>	<u>Building Maintenance Services</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>				
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 1,254,406	1,228,880	605,000	682,600
Cash received from contributions				
Cash payments to employees for services	(627,800)	(324,179)		(156,718)
Cash payments to suppliers for goods/services	(460,283)	(868,329)	(685,064)	(519,044)
Other receipts			1,172	2,301
<b>Net cash provided by (used for) operating activities</b>	<u>166,323</u>	<u>36,372</u>	<u>(78,892)</u>	<u>9,139</u>
<b>Cash flows from non capital financing activities:</b>				
Transfers in	15,495	11,323		6,555
Transfers out	(62,000)			
<b>Net cash provided by (used for) non capital financing activities</b>	<u>(46,505)</u>	<u>11,323</u>		<u>6,555</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal paid on debt		(46,051)		
Interest paid on debt		(15,025)		
<b>Net cash used for capital and related financing activities:</b>		<u>(61,076)</u>		
<b>Cash flows from investing activities:</b>				
Investment income	11	929	6,178	2,954
<b>Net cash provided by investing activities</b>	<u>11</u>	<u>929</u>	<u>6,178</u>	<u>2,954</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>119,829</u>	<u>(12,452)</u>	<u>(72,714)</u>	<u>18,648</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>388,161</u>	<u>228,914</u>	<u>1,295,265</u>	<u>667,035</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 507,990</u>	<u>\$ 216,462</u>	<u>\$ 1,222,551</u>	<u>\$ 685,683</u>
<b><u>Reconciliation of Cash and Cash Equivalents to the Statement of Net Position</u></b>				
Cash	307,332	130,783	656,486	416,105
Investments	200,658	85,679	566,065	269,578
<b>Total cash and cash equivalents</b>	<u>\$ 507,990</u>	<u>\$ 216,462</u>	<u>\$ 1,222,551</u>	<u>\$ 685,683</u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u></b>				
Operating income (loss)	\$ 167,037	24,469	(71,443)	10,847
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	4,842	20,340		417
Changes in assets and liabilities:				
Increase (decrease) in compensated absences payable	(17)	3,523		874
Increase in accrued payroll and employee benefits	984	2,406		541
Increase (decrease) in accounts payable	(6,523)	(14,366)	(7,449)	(3,540)
<b>Total adjustments</b>	<u>(714)</u>	<u>11,903</u>	<u>(7,449)</u>	<u>(1,708)</u>
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 166,323</u>	<u>\$ 36,372</u>	<u>\$ (78,892)</u>	<u>\$ 9,139</u>

<u>Information Technology</u>	<u>Benefits Reserve Fund</u>	<u>Totals</u>
1,063,175		\$ 4,834,061
	4,074,540	4,074,540
(404,264)		(1,512,961)
(718,403)	(4,334,803)	(7,585,926)
<u>119</u>	<u></u>	<u>3,592</u>
<u>(59,373)</u>	<u>(260,263)</u>	<u>(186,694)</u>
39,535		72,908
<u>39,535</u>	<u>(451,790)</u>	<u>(513,790)</u>
	<u>(451,790)</u>	<u>(440,882)</u>
		(46,051)
		<u>(15,025)</u>
		<u>(61,076)</u>
<u>1,320</u>	<u>9,030</u>	<u>20,422</u>
<u>1,320</u>	<u>9,030</u>	<u>20,422</u>
<u>(18,518)</u>	<u>(703,023)</u>	<u>(668,230)</u>
<u>330,772</u>	<u>2,751,681</u>	<u>5,661,828</u>
\$ <u>312,254</u>	\$ <u>2,048,658</u>	\$ <u>4,993,598</u>
189,490	1,234,841	2,935,037
<u>122,764</u>	<u>813,817</u>	<u>2,058,561</u>
\$ <u>312,254</u>	\$ <u>2,048,658</u>	\$ <u>4,993,598</u>
(59,522)	(262,865)	\$ (191,477)
44,022		69,621
(5,917)		(1,537)
2,229		6,160
<u>(40,185)</u>	<u>2,602</u>	<u>(69,461)</u>
<u>149</u>	<u>2,602</u>	<u>4,783</u>
\$ <u>(59,373)</u>	\$ <u>(260,263)</u>	\$ <u>(186,694)</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)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 43,663,259	\$ 42,022,454	\$ 41,509,396	\$ 40,034,056	\$ 38,762,943
Restricted	11,525,848	12,054,804	12,533,340	15,125,063	329,125
Unrestricted	12,064,132	10,881,884	11,011,417	12,903,489	30,294,711
Total governmental activities net position	<u>\$ 67,253,239</u>	<u>\$ 64,959,142</u>	<u>\$ 65,054,153</u>	<u>\$ 68,062,608</u>	<u>\$ 69,386,779</u>
<b>Business-type activities:</b>					
Net investment in capital assets	\$ 37,225,869	\$ 36,859,201	\$ 34,934,099	\$ 31,371,150	\$ 31,861,904
Restricted	3,405,895	2,627,348	1,848,801	2,335,931	1,828,632
Unrestricted	30,926,842	25,841,488	23,953,643	19,802,816	15,869,839
Total business-type activities net position	<u>\$ 71,558,606</u>	<u>\$ 65,328,037</u>	<u>\$ 60,736,543</u>	<u>\$ 53,509,897</u>	<u>\$ 49,560,375</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 80,889,128	\$ 78,881,655	\$ 76,443,495	\$ 76,443,495	\$ 71,405,206
Restricted	14,931,743	14,682,152	14,382,141	14,382,141	17,460,994
Unrestricted	42,990,974	36,723,372	34,965,060	34,965,060	32,706,305
Total net position	<u>\$ 138,811,845</u>	<u>\$ 130,287,179</u>	<u>\$ 125,790,696</u>	<u>\$ 125,790,696</u>	<u>\$ 121,572,505</u>

(Continued)

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

**Fiscal Year Ended June 30**

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Governmental activities:</b>					
Net investment in capital assets	\$ 37,891,064	\$ 37,438,313	\$ 37,343,856	\$ 43,500,192	\$ 35,549,975
Restricted	387,789	445,957	877,528	1,244,463	
Unrestricted	28,536,485	28,310,524	25,907,666	10,551,246	17,550,843
Total governmental activities net position	<u>\$ 66,815,338</u>	<u>\$ 66,194,794</u>	<u>\$ 64,129,050</u>	<u>\$ 55,295,901</u>	<u>\$ 53,100,818</u>
<b>Business-type activities:</b>					
Net investment in capital assets	\$ 29,906,112	\$ 30,578,796	\$ 31,505,500	\$ 30,029,791	\$ 29,058,678
Restricted	942,356	938,662	943,561	932,588	879,772
Unrestricted	15,482,328	13,468,732	9,389,716	9,703,202	8,952,050
Total business-type activities net position	<u>\$ 46,330,796</u>	<u>\$ 44,986,190</u>	<u>\$ 41,838,777</u>	<u>\$ 40,665,581</u>	<u>\$ 38,890,500</u>
<b>Primary government</b>					
Net investment in capital assets	\$ 67,797,176	\$ 68,017,109	\$ 68,017,109	\$ 68,849,356	\$ 73,529,983
Restricted	1,330,145	1,384,619	1,384,619	1,821,089	2,177,051
Unrestricted	44,018,813	41,779,256	41,779,256	35,297,382	20,254,448
Total net position	<u>\$ 113,146,134</u>	<u>\$ 111,180,984</u>	<u>\$ 111,180,984</u>	<u>\$ 105,967,827</u>	<u>\$ 95,961,482</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)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 4,771,156	\$ 5,353,769	\$ 5,198,867	\$ 5,315,740	\$ 4,616,031
Public safety	15,875,548	14,962,499	15,306,386	14,926,549	15,337,732
Highways and streets	4,921,026	4,791,529	4,038,716	4,269,435	4,499,627
Culture and recreation	3,815,251	3,770,234	3,751,168	3,873,742	3,826,798
Economic development	398,757	522,579	661,862	1,170,810	562,714
Interest on long-term debt	521,663	616,940	714,704	794,858	875,832
Total governmental activities	<u>30,303,401</u>	<u>30,017,550</u>	<u>29,671,703</u>	<u>30,351,134</u>	<u>29,718,734</u>
Business-type activities:					
Water	7,116,700	7,002,009	7,029,281	6,938,517	7,081,551
Wastewater	4,531,419	4,224,008	3,961,335	2,723,165	2,098,760
Sanitation	3,020,247	3,001,675	3,014,553	2,931,247	2,721,958
Total business-type activities	<u>14,668,366</u>	<u>14,227,692</u>	<u>14,005,169</u>	<u>12,592,929</u>	<u>11,902,269</u>
Total expenses	<u>44,971,767</u>	<u>44,245,242</u>	<u>43,676,872</u>	<u>42,944,063</u>	<u>41,621,003</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
Culture and recreation	1,243,615	1,298,940	1,212,621	1,254,738	1,238,827
Economic development	552,670	462,675	354,734	258,415	463,055
Other	922,381	812,952	1,234,807	1,258,283	748,808
Operating grants and contributions	2,175,015	1,940,274	2,250,529	1,821,520	2,492,889
Capital grants and contributions	1,503,739	1,549,150	1,678,832	3,119,466	5,312,895
Total governmental activities	<u>6,397,420</u>	<u>6,063,991</u>	<u>6,731,523</u>	<u>7,712,422</u>	<u>10,256,474</u>
Business-type activities:					
Charges for services					
Water	8,178,178	8,531,967	8,420,703	8,224,873	8,787,008
Wastewater	8,936,591	7,544,469	6,120,036	4,960,562	3,846,079
Sanitation	3,357,109	3,317,741	3,314,137	3,329,620	3,305,488
Capital grants and contributions	155,194		2,061,111		
Total business-type activities	<u>20,627,072</u>	<u>19,394,177</u>	<u>19,915,987</u>	<u>16,515,055</u>	<u>15,938,575</u>
Total program revenues	<u>27,024,492</u>	<u>25,458,168</u>	<u>26,647,510</u>	<u>24,227,477</u>	<u>26,195,049</u>
<b>Net Expense</b>	<u>\$ (17,947,275)</u>	<u>\$ (18,787,074)</u>	<u>\$ (17,029,362)</u>	<u>\$ (18,716,586)</u>	<u>\$ (15,425,954)</u>

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2005</b></u>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 4,761,050	\$ 4,812,710	\$ 5,338,793	\$ 4,897,625	\$ 4,195,447
Public safety	15,865,007	15,757,220	15,864,775	13,804,815	12,305,483
Highways and streets	4,085,526	5,548,153	1,314,715	7,308,071	4,625,284
Culture and recreation	4,574,132	4,916,992	4,662,109	3,838,881	3,993,673
Economic development	306,605	269,108	219,488	336,274	146,783
Interest on long-term debt	808,803	733,249	745,429	816,331	432,666
Total governmental activities	<u>30,401,123</u>	<u>32,037,432</u>	<u>28,145,309</u>	<u>31,001,997</u>	<u>25,699,336</u>
Business-type activities:					
Water	7,546,397	7,365,694	7,398,433	7,124,977	6,219,710
Wastewater	1,746,494	1,365,364	1,947,121	1,311,188	1,064,738
Sanitation	2,703,858	2,833,348	2,648,349	2,460,861	2,196,194
Total business-type activities	<u>11,996,749</u>	<u>11,564,406</u>	<u>11,993,903</u>	<u>10,897,026</u>	<u>9,480,642</u>
Total expenses	<u>42,397,872</u>	<u>43,601,838</u>	<u>40,139,212</u>	<u>41,899,023</u>	<u>35,179,978</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services					
Culture and recreation	1,093,529	1,347,712	1,349,404	1,306,201	1,143,172
Economic development	737,699	878,552	1,033,205	1,479,729	130,383
Other	1,726,696	1,211,968	654,730	699,664	1,571,405
Operating grants and contributions	1,825,376	2,621,629	2,403,743	1,173,316	919,890
Capital grants and contributions	1,270,449	1,973,809	4,159,165	3,069,691	1,046,252
Total governmental activities	<u>6,653,749</u>	<u>8,033,670</u>	<u>9,600,247</u>	<u>7,728,601</u>	<u>4,811,102</u>
Business-type activities:					
Charges for services					
Water	7,723,005	9,153,960	8,602,871	7,406,521	6,203,590
Wastewater	3,370,892	2,791,018	2,301,410	2,674,379	2,312,960
Sanitation	3,336,841	3,292,757	3,152,197	2,800,752	2,184,776
Capital grants and contributions					
Total business-type activities	<u>14,430,738</u>	<u>15,237,735</u>	<u>14,056,478</u>	<u>12,881,652</u>	<u>10,701,326</u>
Total program revenues	<u>21,084,487</u>	<u>23,271,405</u>	<u>23,656,725</u>	<u>20,610,253</u>	<u>15,512,428</u>
<b>Net Expense</b>	<u>\$ (21,313,385)</u>	<u>\$ (20,330,433)</u>	<u>\$ (16,482,487)</u>	<u>\$ (21,288,770)</u>	<u>\$ (19,667,550)</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>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Net Expense</b>	\$ (17,947,275)	\$ (18,787,074)	\$ (17,029,362)	\$ (18,716,586)	\$ (15,425,954)
<b>General Revenues:</b>					
Governmental activities:					
Taxes:					
Sales taxes	15,484,419	12,807,658	11,641,816	11,264,735	11,648,543
Property taxes				1,495	20,169
Auto lieu taxes	1,339,535	1,294,678	1,309,913	1,275,096	1,290,144
Franchise taxes	705,760	684,455	702,454	744,872	657,793
Unrestricted state shared revenue	7,817,869	7,328,198	6,541,472	6,684,959	7,229,643
Investment income	106,233	130,247	125,298	247,903	207,908
Miscellaneous	41,208	624,976	79,443	70,562	17,850
<b>Transfers</b>	<u>705,054</u>	<u>988,336</u>	<u>(468,671)</u>	<u>1,024,919</u>	<u>961,651</u>
Total governmental activities	<u>26,200,078</u>	<u>23,858,548</u>	<u>19,931,725</u>	<u>21,314,541</u>	<u>22,033,701</u>
<b>General Revenues:</b>					
Business-type activities:					
Investment income	145,225	160,522	108,061	211,220	154,924
Miscellaneous	831,692	252,823	739,096	841,095	
<b>Transfers</b>	<u>(705,054)</u>	<u>(988,336)</u>	<u>468,671</u>	<u>(1,024,919)</u>	<u>(961,651)</u>
Total business-type activities	<u>271,863</u>	<u>(574,991)</u>	<u>1,315,828</u>	<u>27,396</u>	<u>(806,727)</u>
<b>Changes in Net Position</b>	<u>\$ 8,524,666</u>	<u>\$ 4,496,483</u>	<u>\$ 4,218,191</u>	<u>\$ 2,625,351</u>	<u>\$ 5,801,020</u>

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2005</b></u>
<b>Net Expense</b>	\$ (21,313,385)	\$ (20,330,433)	\$ (16,482,487)	\$ (21,288,770)	\$ (19,667,550)
<b>General Revenues:</b>					
Governmental activities:					
Taxes:					
Sales taxes	12,024,409	12,990,502	14,070,401	14,359,943	12,090,746
Property taxes	437,457	430,630	430,666	311,232	520,167
Auto lieu taxes	1,375,193	1,501,803	1,569,940	1,441,076	1,254,006
Franchise taxes	804,964	730,892	711,893	680,628	532,972
Unrestricted state shared revenue	8,230,525	8,702,727	8,192,336	7,048,226	6,298,893
Investment income	259,194	778,418	1,000,211	915,471	331,888
Miscellaneous	14,631	12,796		12,243	55,496
<b>Transfers</b>	<u>1,221,545</u>	<u>921,738</u>	<u>1,402,764</u>	<u>699,660</u>	<u>(52,746)</u>
Total governmental activities	<u>24,367,918</u>	<u>26,069,506</u>	<u>27,378,211</u>	<u>25,468,479</u>	<u>21,031,422</u>
<b>General Revenues:</b>					
Business-type activities:					
Investment income	132,162	395,822	513,385	490,115	252,331
<b>Transfers</b>	<u>(1,221,545)</u>	<u>(921,738)</u>	<u>(1,402,764)</u>	<u>(699,660)</u>	<u>52,746</u>
Total business-type activities	<u>(1,089,383)</u>	<u>(525,916)</u>	<u>(889,379)</u>	<u>(209,545)</u>	<u>305,077</u>
<b>Changes in Net Position</b>	<u>\$ 1,965,150</u>	<u>\$ 5,213,157</u>	<u>\$ 10,006,345</u>	<u>\$ 3,970,164</u>	<u>\$ 1,668,949</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)**

	<b>Fiscal Year Ended June 30</b>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Fund:					
Committed	\$ 1,151,386	\$ 1,051,250	\$ 958,534	936,189	
Assigned	90,958	87,157	83,026	78,600	
Unassigned	8,352,471	6,649,740	6,556,730	7,257,140	
Unreserved					\$ 8,855,139
Total General Fund	<u>\$ 9,594,815</u>	<u>\$ 7,788,147</u>	<u>\$ 7,598,290</u>	<u>\$ 8,271,929</u>	<u>\$ 8,855,139</u>
All Other Governmental Funds:					
Restricted	\$ 6,979,949	\$ 6,665,017	\$ 5,861,993	8,151,564	
Committed	143,060		515,350	874,445	
Assigned	1,906,758	1,879,343	1,301,280	844,458	
Unreserved, reported in:					
Special revenue funds					\$ 1,355,093
Capital projects funds					4,085,795
Debt service funds					4,389,957
Total all other governmental funds	<u>\$ 9,029,767</u>	<u>\$ 8,544,360</u>	<u>\$ 7,678,623</u>	<u>\$ -</u>	<u>\$ 9,830,845</u>

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

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2005</b></u>
General Fund:					
Unreserved	\$ 8,625,441	\$ 8,810,167	\$ 8,835,853	\$ 8,115,165	\$ 6,717,374
Total General Fund	<u>\$ 8,625,441</u>	<u>\$ 8,810,167</u>	<u>\$ 8,835,853</u>	<u>\$ 8,115,165</u>	<u>\$ 6,717,374</u>
All Other Governmental Funds:					
Unreserved, reported in:					
Special revenue funds	\$ 1,643,226	\$ 1,540,129	\$ 1,646,709	\$ 1,864,903	\$ 1,962,659
Capital projects funds	5,806,257	4,127,878	3,869,683	4,423,864	1,903,521
Debt service funds	5,364,014	3,279,316	3,249,476	3,056,969	1,137,857
Total all other governmental funds	<u>\$ 12,813,497</u>	<u>\$ 8,947,323</u>	<u>\$ 8,765,868</u>	<u>\$ 9,345,736</u>	<u>\$ 5,004,037</u>

**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)**

	<b>Fiscal Year Ended June 30</b>				
	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Taxes	\$ 17,529,714	\$ 14,786,791	\$ 13,654,183	\$ 13,286,198	\$ 13,616,649
Licenses and permits	101,622	105,838	108,992	314,819	74,280
Intergovernmental	10,682,169	10,801,137	9,286,440	10,953,747	10,567,956
Charges for services	1,914,551	1,960,633	1,687,949	1,355,590	1,819,751
Fines and forfeits	248,962	278,219	290,488	269,943	260,767
Investment income	85,811	103,158	89,925	185,896	153,841
Special assessments	1,253,243	1,199,283	1,283,107	1,247,070	1,072,622
Development investment fees	166,708		399,094	582,054	99,817
Miscellaneous	355,454	948,777	391,347	445,739	365,075
Total revenues	\$ 32,338,234	\$ 30,183,836	\$ 27,191,525	\$ 28,641,056	\$ 28,030,758
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
Taxes	\$ 14,642,023	\$ 15,661,691	\$ 16,776,012	\$ 16,924,397	\$ 14,285,265
Licenses and permits	75,476	78,852	78,245	67,308	99,093
Intergovernmental	10,760,995	12,489,710	12,993,888	8,667,943	8,002,527
Charges for services	2,084,053	2,556,038	2,334,372	2,802,844	2,328,004
Fines and forfeits	296,701	343,852	432,907	369,574	262,451
Investment income	207,536	619,192	837,405	796,102	272,219
Special assessments	3,232,765	808,455	1,472,051	2,420,938	745,432
Miscellaneous	898,950	459,490	481,120	460,463	337,943
Total revenues	\$ 32,435,068	\$ 33,017,280	\$ 35,406,000	\$ 32,509,569	\$ 26,332,934

**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)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Expenditures:</b>					
Current -					
General government	\$ 4,353,904	\$ 4,539,105	\$ 4,678,344	\$ 4,814,224	\$ 4,455,010
Public safety	14,691,686	14,045,641	14,243,346	13,347,817	13,930,915
Highways and streets	3,144,347	3,161,449	2,499,309	2,732,646	2,995,398
Culture and recreation	3,403,471	3,421,827	3,369,620	3,482,574	3,431,368
Economic development	387,389	528,376	647,842	1,121,263	488,824
Capital outlay	2,572,408	2,331,545	1,848,176	1,881,961	3,563,268
Debt service -					
Bond issuance costs					
Principal retirement	2,132,252	1,834,274	2,012,640	1,929,322	1,704,085
Interest and fiscal charges	506,638	599,386	694,760	772,656	851,495
<b>Total expenditures</b>	<u><u>\$ 31,192,095</u></u>	<u><u>\$ 30,461,603</u></u>	<u><u>\$ 29,994,037</u></u>	<u><u>\$ 30,082,463</u></u>	<u><u>\$ 31,420,363</u></u>
 Expenditures for capitalized assets	 \$ 2,214,715	 \$ 2,025,792	 \$ 1,739,465	 \$ 1,618,947	 \$ 2,705,171
 Debt service as a percentage of noncapital expenditures	 9%	 9%	 10%	 9%	 9%

(Continued)

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

	<b>Fiscal Year Ended June 30</b>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Expenditures:</b>					
Current -					
General government	\$ 4,455,724	\$ 5,082,263	\$ 5,063,071	\$ 4,854,321	\$ 3,940,385
Public safety	14,635,020	15,131,180	14,544,337	13,325,125	11,558,946
Highways and streets	3,018,176	3,717,739	4,387,787	3,450,186	3,174,550
Culture and recreation	3,635,466	4,568,448	4,226,004	3,585,219	3,673,432
Economic development	263,220	235,850	227,364	269,440	231,201
Capital outlay	4,614,786	2,406,306	7,820,600	9,189,659	1,900,640
Debt service -					
Bond issuance costs	112,230			218,294	
Principal retirement	2,115,553	1,998,234	1,518,059	904,458	919,346
Interest and fiscal charges	670,219	733,249	745,429	728,462	432,666
<b>Total expenditures</b>	<u>\$ 33,520,394</u>	<u>\$ 33,873,269</u>	<u>\$ 38,532,651</u>	<u>\$ 36,525,164</u>	<u>\$ 25,831,166</u>
Expenditures for capitalized assets	\$ 3,693,462	\$ 1,848,135	\$ 6,916,188	\$ 8,980,940	\$ 315,678
Debt service as a percentage of noncapital expenditures	9%	9%	7%	6%	5%

**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)**

	<b>Fiscal Year Ended June 30</b>				
	<u><b>2014</b></u>	<u><b>2013</b></u>	<u><b>2012</b></u>	<u><b>2011</b></u>	<u><b>2010</b></u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ 1,146,139	\$ (277,767)	\$ (2,802,512)	\$ (1,441,407)	\$ (3,389,605)
<b>Other financing sources (uses):</b>					
Obligations under capital leases				197,900	
Special assessment bonds issued					
Proceeds from sale of capital assets		349,025			
Transfers in	3,267,001	3,417,672	3,047,349	2,936,992	3,557,643
Transfers out	<u>(2,121,065)</u>	<u>(2,433,336)</u>	<u>(3,110,320)</u>	<u>(2,237,073)</u>	<u>(2,920,992)</u>
Total other financing sources (uses)	<u>1,145,936</u>	<u>1,333,361</u>	<u>(62,971)</u>	<u>897,819</u>	<u>636,651</u>
<b>Changes in fund balances</b>	<u>\$ 2,292,075</u>	<u>\$ 1,055,594</u>	<u>\$ (2,865,483)</u>	<u>\$ (543,588)</u>	<u>\$ (2,752,954)</u>
	<u><b>2009</b></u>	<u><b>2008</b></u>	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>2005</b></u>
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (1,085,326)	\$ (855,989)	\$ (3,126,651)	\$ (4,015,595)	\$ 501,768
<b>Other financing sources (uses):</b>					
Obligations under capital leases		453,600			
General obligation bonds issued				2,850,000	
Special assessment bonds issued	3,880,000		114,707	6,325,000	
Loan proceeds			2,000,000		
Premium on sale of bonds				130,425	
Capital contributions					55,496
Transfers in	4,596,935	3,095,978	4,270,883	2,905,740	3,046,894
Transfers out	<u>(3,710,161)</u>	<u>(2,537,820)</u>	<u>(3,118,119)</u>	<u>(2,456,080)</u>	<u>(1,980,970)</u>
Total other financing sources (uses)	<u>4,766,774</u>	<u>3,267,471</u>	<u>9,755,085</u>	<u>1,121,420</u>	<u>1,121,420</u>
<b>Changes in fund balances</b>	<u>\$ 3,681,448</u>	<u>\$ 140,820</u>	<u>\$ 5,739,490</u>	<u>\$ 1,623,188</u>	<u>\$ 1,623,188</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**

<b>Overlapping Rates</b>					
<b>Fiscal Year Ended June 30</b>	<b>City of Kingman</b>	<b>City of Kingman Hospitality</b>	<b>City of Kingman Restaurant/Bar</b>	<b>Mohave County</b>	<b>Arizona State</b>
2014	2.50	4.00	1.00	0.25	5.60
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

**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)**

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Construction	\$ 1,111,314	\$ 629,605	\$ 639,713	\$ 705,221	\$ 1,204,811
Manufacturing	251,667	237,434	238,510	230,986	370,772
Transportation, Communications and Utilities	834,372	457,619	675,308	707,440	679,552
Wholesale Trade	572,132	408,394	440,940	451,072	462,183
Retail Trade	7,630,657	6,066,455	5,876,279	5,600,574	5,574,966
Restaurants and Bars	2,397,855	2,350,096	1,683,031	1,186,983	1,138,191
Finance Insurance and Real Estate	725,086	635,710	588,454	697,416	625,439
Hotels and Other Lodging	1,180,613	1,050,076	1,115,913	1,163,676	824,189
Services	536,521	513,896	433,964	379,871	494,812
Arts, Entertainment, Government and All Others Not Specified	244,202	188,700	219,374	141,495	273,508
<b>Total</b>	<b><u>\$ 15,484,419</u></b>	<b><u>\$ 12,537,985</u></b>	<b><u>\$ 11,911,486</u></b>	<b><u>\$ 11,264,734</u></b>	<b><u>\$ 11,648,423</u></b>

	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
Construction	\$ 1,419,917	\$ 1,132,750	\$ 1,586,084	\$ 2,231,440	\$ 1,620,707
Manufacturing	283,793	340,977	475,834	434,644	435,791
Transportation, Communications and Utilities	620,639	645,208	619,258	613,590	540,625
Wholesale Trade	444,032	614,780	631,538	653,994	536,807
Retail Trade	6,142,681	6,994,596	7,439,939	7,491,628	6,132,314
Restaurants and Bars	1,165,015	1,139,837	1,114,941	1,083,975	944,326
Finance Insurance and Real Estate	626,006	633,877	610,601	621,219	509,074
Hotels and Other Lodging	705,129	771,648	765,665	702,596	645,808
Services	402,171	508,895	539,178	532,846	487,646
Arts, Entertainment, Government and All Others Not Specified	215,027	207,934	287,363	211,986	237,649
<b>Total</b>	<b><u>\$ 12,024,410</u></b>	<b><u>\$ 12,990,502</u></b>	<b><u>\$ 14,070,401</u></b>	<b><u>\$ 14,577,918</u></b>	<b><u>\$ 12,090,747</u></b>

**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
2014	\$ 2,220,000	\$ 108,400	\$ 5,868,850	\$ 2,757,199	\$ 5,223,251	\$ 425,120	\$	\$ 8,513,970	\$ 637,680	\$ 41,049,491	\$ 41,687,171
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

**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
2014	\$ 50,201,141	5.02 %	0.06 %	1,772
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

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

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

<b>Legal Debt Margin Calculation for Fiscal Year 2014:</b>	
Secondary assessed valuation	\$ 187,996,655
Debt limit (6% of assessed value)	11,279,799
Debt applicable to limit	<u>2,220,000</u>
Legal debt margin	<u><u>\$ 9,059,799</u></u>

	<b>Fiscal Year Ended June 30</b>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt limit equal to 6% of assessed valuation	\$ 11,279,799	\$ 11,854,935	\$ 15,803,800	\$ 18,580,084	\$ 18,689,250
Total net debt applicable to limit	<u>2,220,000</u>	<u>2,810,000</u>	<u>3,295,000</u>	<u>3,745,000</u>	<u>4,160,000</u>
Legal debt margin	<u><u>\$ 9,059,799</u></u>	<u><u>\$ 12,508,800</u></u>	<u><u>\$ 15,285,084</u></u>	<u><u>\$ 14,529,250</u></u>	<u><u>\$ 17,116,270</u></u>
Total net debt applicable to the limit as a percentage of debt limit	20%	24%	18%	20%	22%
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Debt limit	\$ 20,061,270	\$ 14,810,118	\$ 11,675,549	\$ 9,564,761	\$ 8,923,919
Total net debt applicable to limit	<u>2,945,000</u>	<u>3,500,000</u>	<u>4,025,000</u>	<u>4,370,000</u>	<u>4,660,000</u>
Legal debt margin	<u><u>\$ 17,116,270</u></u>	<u><u>\$ 11,310,118</u></u>	<u><u>\$ 7,650,549</u></u>	<u><u>\$ 5,194,761</u></u>	<u><u>\$ 4,263,919</u></u>
Total net debt applicable to the limit as a percentage of debt limit	15%	24%	34%	46%	52%

**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 \$37,599,331.

**CITY OF KINGMAN, ARIZONA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
JUNE 30, 2014**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable to City</b>	<b>Estimated Amount Applicable to City</b>
Kingman Unified School District	\$ 67,915,000	35.27 %	\$ 23,953,621
Subtotal, Overlapping Debt			23,953,621
Direct:			
City of Kingman, AZ			8,513,970
Total Direct and Overlapping Governmental Activities Debt			\$ 32,467,591

**DIRECT AND OVERLAPPING GENERAL BONDED DEBT RATIOS**

Net Direct General Obligation Bonded Debt	
As a Percentage of Net Secondary Assessed Valuation	1.12 %
Net Direct and Overlapping General Bonded Debt	
Per Capita	\$920
As a Percentage of Net Secondary Assessed Valuation	13.86 %
As a Percentage of Estimated Actual Value (Full Cash Value)	1.51 %

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

- Notes:**
- 1) Outstanding debt as of June 30, 2013 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  
PLEGGED REVENUE COVERAGE  
LAST TEN FISCAL YEARS**

	Fiscal Year Ended June 30									
	<u>2014</u>	<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>
<b>Excise Tax Revenue Bonds</b>										
Excise Tax Revenue	\$ 22,493,084	\$ 20,295,258	\$ 18,344,361	\$ 18,106,118	\$ 19,359,466	\$ 21,228,915	\$ 22,896,032	\$ 23,567,269	\$ 22,598,686	\$ 18,760,314
Debt Service										
Principal	820,000	590,000	485,000	450,000	460,125	445,750	436,125	421,125	255,875	255,500
Interest	97,244	123,819	145,219	164,713	137,188	146,875	157,200	167,400	65,875	70,500
Total Annual Requirement	917,244	713,819	630,219	614,713	597,313	592,625	593,325	588,525	321,750	326,000
Estimated Coverage	24.5	28.4	29.1	29.5	32.4	35.8	38.6	40.0	70.2	57.5
<b>Water Infrastructure Financing Authority (WIFA) Loans</b>										
Wastewater Utility Revenue	\$ 7,268,798	\$ 5,905,330	\$ 3,544,586	\$ 2,945,758	\$ 1,745,223	\$ 1,927,194				
Debt Payments										
Principal	2,136,643	2,154,752	1,956,193	1,415,635						
Interest and fees	1,497,417	1,542,839	1,365,941	653,395	305,760	50,956				
Total Annual Requirement	3,634,060	3,697,591	3,322,134	2,069,030	305,760	50,956				
Estimated Coverage	2.0	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 five 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>
2013	28,336	\$ 5,601,076	\$ 27,971	8.0 %
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

**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>2014</u>		<u>2005</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	3.70 %	800	1.64 %
Mohave County	1,325	3.01	1,147	2.36
Kingman Unified School District No. 20	985	2.24	881	1.81
Mohave Community College	700	1.59	197	0.40
American Woodmark Corporation	500	1.13	360	0.74
Wal-Mart	470	1.07	220	0.45
Citizens Utilities (Unisource)	360	0.82	450	0.92
City of Kingman	332	0.75	328	0.67
State of Arizona	278	0.63	278	0.57
K-Mart	150	0.34	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>7,080</u>	<u>16.07 %</u>	<u>5,341</u>	<u>10.96 %</u>
Total Employment	<u>44,070</u>		<u>48,700</u>	

- Sources:** 1) The source of the 2005 and 2014 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**

	<b>Full-time Equivalent Employees as of June 30</b>				
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>General Government</b>					
City Administration	9	8	8	12	12
Human Resources	4	4	4	4	4
City Clerk	3	3	3	4	4
City Attorney	6	6	6	7	7
Municipal Court	9	9	9	9	9
Finance	13	13	13	14	14
Total general government	<u>44</u>	<u>43</u>	<u>43</u>	<u>50</u>	<u>50</u>
<b>Public Safety</b>					
Police	86	85	85	87	87
Firefighters	52	53	53	56	56
Total public safety	<u>138</u>	<u>138</u>	<u>138</u>	<u>143</u>	<u>143</u>
<b>Public Works</b>					
Engineering	15	15	15	23	22
Others	22	22	22	45	44
Total public works	<u>37</u>	<u>37</u>	<u>37</u>	<u>68</u>	<u>66</u>
<b>Parks and Recreation</b>	33	33	35	40	40
<b>Information Technology</b>	7	7	7	7	7
<b>City Development</b>	12	11	10	18	19
<b>Sanitation</b>	17	17	17	17	17
<b>Water and Wastewater</b>	45	44	44	33	30
Total support and administration	<u>114</u>	<u>112</u>	<u>113</u>	<u>115</u>	<u>113</u>
<b>Total</b>	<u><u>333</u></u>	<u><u>330</u></u>	<u><u>331</u></u>	<u><u>376</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**

	<b>Full-time Equivalent Employees as of June 30</b>				
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>General Government</b>					
City Administration	10	10	12	9	8
Human Resources	4	4	5	4	3
City Clerk	3	3	3	3	4
City Attorney	7	7	7	6	6
Municipal Court	9	9	9	8	7
Finance	14	14	14	12	11
Total general government	<u>47</u>	<u>47</u>	<u>50</u>	<u>42</u>	<u>39</u>
<b>Public Safety</b>					
Police	87	87	87	83	80
Firefighters	59	59	59	56	54
Total public safety	<u>146</u>	<u>146</u>	<u>146</u>	<u>139</u>	<u>134</u>
<b>Public Works</b>					
Engineering	22	22	23	23	21
Others	44	44	44	40	35
Total public works	<u>66</u>	<u>66</u>	<u>67</u>	<u>63</u>	<u>56</u>
<b>Parks and Recreation</b>	40	40	40	40	39
<b>Information Systems</b>	7	7	7	6	4
<b>City Development</b>	19	19	21	24	18
<b>Sanitation</b>	17	17	17	15	14
<b>Water and Wastewater</b>	30	30	30	30	27
Total support and administration	<u>113</u>	<u>113</u>	<u>162</u>	<u>115</u>	<u>102</u>
<b>Total</b>	<u><u>372</u></u>	<u><u>372</u></u>	<u><u>425</u></u>	<u><u>359</u></u>	<u><u>331</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**

<b>Function</b>	<b>Fiscal Year Ended June 30</b>									
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>	<b><u>2005</u></b>
<b>Public Safety</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Police vehicles	87	85	80	78	74	74	78	78	67	62
Fire stations	4	4	4	4	4	4	4	4	4	4
Fire vehicles	30	29	27	27	27	27	28	28	27	24
<b>Streets</b>										
Streets (miles)	224	215	215	215	215	215	215	215	215	215
Streetlights	851	851	851	851	851	851	851	851	851	848
Traffic signals	24	24	24	24	24	20	20	18	17	16
<b>Solid Waste</b>										
Collection trucks	26	26	25	23	23	21	21	19	18	17
<b>Parks and Recreation</b>										
Parks developed	13	13	13	13	13	13	13	13	13	12
Parks acreage	146	146	146	146	146	146	146	146	146	144
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	4	4	4	1	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
<b>Water</b>										
Water mains (miles)	564	564	564	564	564	564	564	562	560	555
Fire hydrants	2,485	2,485	2,485	2,485	2,485	2,485	2,485	2,485	2,218	2,215
<b>Wastewater</b>										
Sanitary sewers (miles)	199	199	199	199	199	199	198	191	134	130
Manholes	2,997	2,997	2,997	2,997	2,997	2,997	2,997	2,885	1,842	1,839

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

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

	<b>Fiscal Year Ended June 30</b>				
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
<b>Governmental Activities</b>					
General Government					
Business licenses issued	2,585	2,430	2,441	2,825	2,892
Voters served	17,000	15,966	16,000	17,000	19,000
Public records requests	55	46	46	50	210
Prosecutions	1,300	1,203	1,300	1,300	1,150
Legal opinions	50-70	50-70	40-50	40-50	40-50
Civil litigation	5	5	3-7	2-5	3-7
Case filings	3,600	3,600	5,600	5,600	5,580
Case terminations	850	724	6,000	6,000	6,132
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	40,000	40,453	31,911	32,000
Total arrests	2,900	2,900	3,153	3,117	3,300
Traffic accidents	950	950	996	999	1,200
Alarm runs	650	650	715	794	900
VIP program - volunteers	20	20	14	14	20
Clearance Rate - Part I offenses	75%	75%	70%	60%	65%
Clearance Rate - Part II offenses	75%	75%	70%	60%	65%
Response Time - Under 5 min. emergency	80%	80%	N/A	69%	70%
Response Time - Under 8 min. non-emergency	70%	70%	N/A	61%	60%
Fire inspections	1,875	1,850	2,129	2,100	2,100
Plan reviews - fire	170	180	160	144	150
Public education programs - fire	250	245	245	257	150
Nuisance abatement	200	212	238	169	200
Highway & Streets					
Paved streets maintained (miles)	208	208	208	208	208
Dirt streets maintained (miles)	16	16	16	16	16
Traffic signals maintained	24	24	17	18	17
Street lights maintained	851	851	850	850	850
Culture and Recreation					
Acres of ground maintained	269	269	269	269	269
Miles of medians and trails maintained	16.5	15.5	15.5	15.5	15.5
Number of sites maintained	20	20	19	19	19
<b>Business-type Activities</b>					
Water					
Acre feet of water pumped	7,995	7,995	7,963	7,895	7,982
Number of meters	19,813	19,813	19,763	19,723	19,652
Percentage of water loss	11.00	11.00	9.00	4.00	N/A
Wastewater					
Total influent Hilltop WWTP (gallons)	528,000,000	528,000,000	569,430,000	547,000,000	575,000,000
Total influent Downtown WWTP (gallons)	96,000,000	96,000,000	76,322,000	113,150,000	113,150,000
Number of sewer lines cleaned/televised (feet)	375,000	375,000	457,800	325,000	325,000
Sanitation					
Landfill tonnage	22,500	21,598	22,104	21,614	21,560
Number of landfill trips	3,700	3,631	3,623	3,536	3,496
Number of residential accounts	10,063	9,918	10,075	9,899	10,308
Number of commercial accounts	906	924	910	925	1,059

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

	<b>Fiscal Year Ended June 30</b>			
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Governmental Activities</b>				
General Government				
Business licenses issued	2,392	2,704	2,250	2,109
Voters served	18,000	17,528	14,124	14,485
Public records requests	156	102	76.00	N/A
Prosecutions	1,020	1,200	1,300	1,300
Legal opinions	40-50	30-40	40	40
Civil litigation	2-5	4	5-10	5-15
Case filings	5,073	4,612	5,100.00	N/A
Case terminations	5,575	5,068	6,000.00	N/A
Computers installed and supported	295	290	271.00	N/A
Phones installed and supported	244	232	200.00	N/A
Public Safety				
Total calls for service	29,161	31,313	37,000	35,000
Total arrests	3,136	3,512	3,300	3,200
Traffic accidents	1,139	1,253	1,500	1,500
Alarm runs	892	979	1,500	3,000
VIP program - volunteers	15	3	8.00	N/A
Clearance Rate - Part I offenses	63%	63%	0.65	N/A
Clearance Rate - Part II offenses	63%	63%	0.65	N/A
Response Time - Under 5 min. emergency	45%	45%	0.70	N/A
Response Time - Under 8 min. non-emergency	51%	51%	0.60	N/A
Fire inspections	1,950	2,299	1,986	1,839
Plan reviews - fire	120	326	2,390	2,214
Public education programs - fire	200	222	180	167
Nuisance abatement	180	135	331	307
Highway & Streets				
Paved streets maintained (miles)	208	204	204	188
Dirt streets maintained (miles)	17	17	17	19
Traffic signals maintained	17	17	17	17
Street lights maintained	850	850	850	750
Culture and Recreation				
Acres of ground maintained	268	263	263	260
Miles of medians and trails maintained	15.0	15	15	13
Number of sites maintained	19	18	18	17
<b>Business-type Activities</b>				
Water				
Acre feet of water pumped	8,235	9,082	8,677	9,497
Number of meters	19,652	19,382	19,382	19,382
Percentage of water loss	4.79	5.80	7.70	6.70
Wastewater				
Total influent Hilltop WWPT (gallons)	555,440,000	549,449,000	668,239,000	557,000,000
Total influent Downtown WWTP (gallons)	113,150,000	113,150,000	113,150,000	113,150,000
Number of sewer lines cleaned/televised (feet)	325,000	300,000	450,000	350,000
Sanitation				
Landfill tonnage	22,047	23,228	24,470	25,418
Number of landfill trips	3,649	3,836	3,951	4,110
Number of residential accounts	9,877	9,777	9,695	9,501
Number of commercial accounts	926	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.