

PRELIMINARY OFFICIAL STATEMENT DATED MAY 6, 2026

NEW ISSUE – BOOK-ENTRY-ONLY

RATINGS: See “RATINGS” herein.

In the opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Special Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City (as defined herein), the portion of each payment made by the City pursuant to the Agreement (as defined herein), denominated and comprising interest and received by the beneficial owners of the Obligations (the “Interest Portion”), is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. The Interest Portion is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, the Interest Portion may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. See “TAX EXEMPTION” herein. In the opinion of Special Counsel, the Interest Portion is exempt from Arizona income taxes so long as the Interest Portion is excludable for federal income tax purposes.



\$21,635,000*

**CITY OF KINGMAN, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2026**

Dated: Date of Initial Delivery

Due: July 15, as shown on the inside front cover page

The Excise Tax Revenue Obligations, Series 2026 (the “Obligations”) will be executed and delivered in the principal amount of \$21,635,000* for the purpose of providing funds for (i) financing certain City of Kingman, Arizona (the “City”) road improvements and (ii) paying costs incurred in connection with the execution and delivery of the Obligations.

The Obligations will be dated their date of initial execution and delivery, will be executed and delivered as fully registered securities without coupons and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Obligations. Beneficial interests in the Obligations will be available to purchasers in amounts of \$5,000 of principal, or any integral multiple thereof, due on a specific maturity date only under the book-entry-only system maintained by DTC through brokers and dealers who are, or who act through, DTC Participants. So long as any purchaser is the Beneficial Owner or Owner (as defined herein) of an Obligation, such purchaser must maintain an account with a broker or a dealer who is, or who acts through, a DTC Participant to receive payment of principal and interest with respect to such Obligations. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.”

Interest on the Obligations will be payable semiannually on January 15 and July 15 of each year, commencing on July 15, 2026*, until maturity or redemption and principal of the Obligations will be payable in accordance with the maturity schedule shown on the inside front cover page.

SEE MATURITY SCHEDULE ON INSIDE FRONT COVER PAGE

Use of the book-entry-only system may be discontinued at any time. Utilization of the book-entry-only system will affect the method and timing of payment of the Obligations and the method of transfer of the Obligations. So long as the book-entry-only system is in effect, a single fully registered obligation for each maturity of the Obligations will be registered in the name of Cede & Co., as nominee of DTC, through UMB Bank, n.a., as trustee (the “Trustee”). So long as the book-entry-only system is in effect and Cede & Co. is the registered owner of the Obligations, all references herein (except under the heading “TAX EXEMPTION”) to owners of the Obligations will refer to Cede & Co. and not the Beneficial Owners. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.”

The Obligations will be subject to redemption prior to maturity as described herein under “THE OBLIGATIONS – Redemption Provisions.”*

Electronic unconditional bids via the Parity® Electronic Bid Submission System (“Parity®”) for the purchase of the Obligations will be received until 10:30 A.M., Eastern Daylight Time on May 14, 2026*, in accordance with the Notice Inviting Bids for the Purchase of Obligations (the “Notice”) unless such date is continued as provided in the Notice. Please refer to the Notice beginning on page i herein for additional information concerning bidding parameters and requirements for the purchase of the Obligations (including good faith deposit requirements).

The Obligations will be payable from installment payments (“Payments”) to be made by the City pursuant to an Agreement, to be dated as of June 1, 2026*, between the City and the Trustee. The Payments will be secured by a first lien pledge of the Excise Taxes (as defined herein). Such pledge will be on a parity basis with the City’s pledge of such amounts to the payment of the Existing Parity Obligations (as defined herein) and any Additional Parity Obligations (as defined herein). See “SECURITY AND SOURCES OF PAYMENT” herein.

THE OBLIGATIONS WILL BE SPECIAL, LIMITED, REVENUE OBLIGATIONS OF THE CITY AND WILL BE PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN. THE OBLIGATIONS DO NOT CONSTITUTE A GENERAL OBLIGATION OR AN INDEBTEDNESS OF THE CITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF (WITHIN THE MEANING OF CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION), AND THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OF ARIZONA OR ANY POLITICAL SUBDIVISION THEREOF IS NOT PLEDGED TO PAY THE PRINCIPAL OF OR INTEREST ON THE OBLIGATIONS.

The Obligations will be offered when, as and if executed and delivered, subject to the receipt of approving legal opinion of Gust Rosenfeld P.L.C., Phoenix, Arizona, Special Counsel, as to validity and tax exemption. It is expected that the Obligations will be delivered to DTC on or about June 4, 2026*.

This cover page contains certain information with respect to the Obligations for convenience of reference only. It is not a summary of material information with respect to the Obligations. Investors must read this entire Official Statement and all appendices to obtain information essential to the making of an informed investment decision with respect to the Obligations.

* Subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE
\$21,635,000*
CITY OF KINGMAN, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2026

Payment Date (July 15)	Principal Amount	Interest Rate	Yield	CUSIP® ⁽¹⁾ No. (495731)
2029	\$ 855,000	%	%	
2030	900,000			
2031	945,000			
2032	990,000			
2033	1,040,000			
2034	1,095,000			
2035	1,150,000			
2036	1,205,000			
2037	1,265,000			
2038	1,325,000			
2039	1,380,000			
2040	1,435,000			
2041	1,490,000			
2042	1,545,000			
2043	1,605,000			
2044	1,670,000			
2045	1,740,000			

* Subject to change.

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (“CGS”) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2026 CGS. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, Special Counsel, the Municipal Advisor, or their agents or counsel assume responsibility for the accuracy of such numbers.

CITY OF KINGMAN, ARIZONA

CITY COUNCIL

Ken Watkins, *Mayor*

Cherish Sammeli, *Vice Mayor*

Jim Dykens, *Councilmember*

Shawn Savage, *Councilmember*

Jamie Scott Stehly, *Councilmember*

Keith Walker, *Councilmember*

Smiley Ward, *Councilmember*

CITY ADMINISTRATIVE OFFICERS

Timothy Walsh Jr., P.E., *City Manager*

Tina Moline, *Deputy City Manager/Finance Director*

Wendy Sherer, *Assistant Finance Director*

Carl Cooper, Esq., *City Attorney*

SPECIAL COUNSEL

Gust Rosenfeld P.L.C.
Phoenix, Arizona

MUNICIPAL ADVISOR

Columbia Capital Management, LLC
Phoenix, Arizona

TRUSTEE

UMB Bank, n.a.
Phoenix, Arizona

REGARDING THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized by the City of Kingman, Arizona (the “City”) or Columbia Capital Management, LLC (the “Municipal Advisor”) to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor will there be any sale of the City’s Excise Tax Revenue Obligations, Series 2026 (the “Obligations”) by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information set forth in this Official Statement, which includes the cover page, inside front cover page and appendices hereto, has been obtained from the City, the Arizona Department of Revenue and other sources that are considered to be accurate and reliable and customarily relied upon in the preparation of similar official statements, but such information has not been independently confirmed or verified by the City, the Municipal Advisor, or Special Counsel (as defined herein) is not guaranteed as to accuracy or completeness, and is not to be construed as the promise or guarantee of the City, the Municipal Advisor, or the Special Counsel.

None of the City, the Municipal Advisor, or Special Counsel are actuaries. None of them have performed any actuarial or other analysis of the City’s share of the unfunded liabilities of the Arizona State Retirement System or the Public Safety Personnel Retirement System.

The presentation of information, including tables of receipts from taxes and other sources, shows recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. All information, estimates and assumptions contained herein are based on past experience and on the latest information available and are believed to be reliable, but no representations are made that such information, estimates and assumptions are correct, will continue, will be realized or will be repeated in the future. To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any of these statements have been or will be realized. All forecasts, projections, opinions, assumptions or estimates are “forward looking statements” that must be read with an abundance of caution and that may not be realized or may not occur in the future. Information other than that obtained from official records of the City has been identified by source and has not been independently confirmed or verified by the City or the Municipal Advisor, or any of their legal counsel, including Special Counsel, and its accuracy cannot be guaranteed. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto will, under any circumstances, create any implication that there has been no change in the affairs of the City or any of the other parties or matters described herein since the date hereof.

The Obligations will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or approved the Obligations for sale.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such publications and websites and the information and links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The City will covenant to provide continuing disclosure as described in this Official Statement under the heading “CONTINUING DISCLOSURE” and in APPENDIX F – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” all pursuant to Rule 15c2-12 of the Securities and Exchange Commission.

A wide variety of information, including financial information, concerning the City is available from publications and websites of the City and others. Any such information that is inconsistent with the information set forth in this Official Statement should be disregarded. No such information is a part of, or incorporated into, this Official Statement, except as expressly noted herein.

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\$21,635,000*
CITY OF KINGMAN, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS, SERIES 2026

NOTICE INVITING BIDS
FOR THE PURCHASE OF OBLIGATIONS
(Electronic Bidding Only)

NOTICE IS HEREBY GIVEN that unconditional bids will be received to and including the hour of 10:30 A.M., Eastern Daylight Time (“E.D.T.”) on Thursday, May 14, 2026, by the City of Kingman, Arizona (the “City”) for the purchase of all, but not less than all, of \$21,635,000* in aggregate principal amount of the City’s Excise Tax Revenue Obligations, Series 2026 (the “Obligations”). A bid may be submitted only through the Parity® Electronic Bid Submission System (“Parity®”). Submission of bids is further discussed below. The City Manager or Deputy City Manager/Finance Director, acting on behalf of the City, will decide on the sale date whether to confirm the award of the Obligations to the bidder offering the best bid or to reject all bids.

The City reserves the right to continue the date for receipt of bids. If the date for receipt of bids is continued, the City will give notice of the continuance by Parity® prior 2:00 P.M., E.D.T. on the business day preceding the scheduled sale date.

The Obligations will be dated as of the date of initial issuance and delivery, will bear interest from the date of the Obligations to the maturity or earlier redemption thereof at a rate or rates not to exceed 5.0% per annum, payable on July 15, 2026*, and semiannually thereafter on January 15 and July 15 of each year during the term of each of the Obligations. Except as otherwise provided under “**MODIFICATION OF THE MATURITY SCHEDULE AND PAR AMOUNT,**” the Obligations will mature on July 15 in the years and in the amounts as follows (the “Maturity Schedule”)*:

Maturity Date (July 15)	Principal Amount	Maturity Date (July 15)	Principal Amount*
2029	\$ 855,000	2038	\$1,325,000
2030	900,000	2039	1,380,000
2031	945,000	2040	1,435,000
2032	990,000	2041	1,490,000
2033	1,040,000	2042	1,545,000
2034	1,095,000	2043	1,605,000
2035	1,150,000	2044	1,670,000
2036	1,205,000	2045	1,740,000
2037	1,265,000		

Bidders may elect to have all or a portion of the Obligations scheduled to mature in consecutive years issued as term obligations scheduled to mature in the latest of said consecutive years and be subject to mandatory redemption in accordance with the schedule above, subject to the following conditions: (a) all Obligations of the same serial maturity must be converted to term obligations with mandatory redemption requirements, and (b) serial maturities converted to a term obligation, as specified, must bear the same rate of interest.

MODIFICATION OF THE MATURITY SCHEDULE AND PAR AMOUNT: The City reserves the right to modify the total principal amount of the Obligations and the principal amount of any maturity in order to obtain the necessary amount of proceeds, properly structure certain funds and accounts, and obtain debt service subject to the constraints of the City. Such modifications will be based upon the interest rates, original issue discount, original issue premium, and purchase prices submitted by the winning bidder. Bidders should consider that bids generating significant premium (discount) may result in increased principal amortization in later (earlier) years.

* *Subject to change.*

As promptly as reasonably possible after the bids are received, the City will notify the winning bidder, if and when award is made, and such entity, upon such notice, shall advise the City of the initial reoffering prices to the public of each maturity of the Obligations (the "Initial Reoffering Prices"). The Initial Reoffering Prices, among other things, will be used by the City to calculate the final principal amount of each annual principal payment for the Obligations (collectively, the "Final Amounts") to accommodate the objectives of the City. If there is an increase or decrease in the final aggregate principal amount of the Obligations or a change in the schedule of principal payments as described above, the City will notify the successful bidder by telephone or electronic transmission, no later than 1:00 P.M. E.D.T. on the Sale date (as defined below). THE WINNING BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES PROPOSED OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED PRINCIPAL AMOUNTS.

The dollar amount bid by such entity will be adjusted to reflect changes in the dollar amount of the underwriter's discount and the original issue discount/premium, if any, but will not change the compensation per \$1,000 of aggregate par amount of Obligations from the compensation that would have been received based on the purchase price in the successful bid and the Initial Reoffering Prices.

TIME FOR RECEIPT OF BIDS: Bids for the Obligations will be received to and including the hour of 10:30 A.M., E.D.T. on Thursday, May 14, 2026, unless the sale is postponed. The time maintained by Parity® shall constitute the official time.

ELECTRONIC BIDDING PROCEDURES: All bids must be submitted through Parity® in accordance with its rules of participation, and as described in this Notice. Prospective bidders wishing to submit a bid must coordinate through Parity® to ensure their eligibility. Information about the services of Parity® may be obtained from i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Phone No. (212) 849-5023. The City is using Parity® as a communication media, and not as the City's agent, to conduct electronic bidding for the Obligations. Neither the City nor Columbia Capital Management, LLC, the municipal advisor to the City (the "Municipal Advisor"), shall be responsible for any failure, misdirection or error in the electronic transmission of any bidder. The use of Parity® is at the sole risk of the prospective bidder.

If any provisions of this Notice conflict with information provided by Parity®, as the provider of electronic bidding services, this Notice controls. Further information about Parity®, including any fee charged, may be obtained from Parity®.

Bidders are requested to state in their bids the true interest cost to the City, as described under "AWARD AND DELIVERY" herein. All bids shall be deemed to incorporate the provisions of this Notice.

AWARD AND DELIVERY: *Unless all bids are rejected, the award of the Obligations will be made on the basis of the lowest True Interest Cost ("TIC"), which will be determined as follows:* the TIC is the discount rate (expressed as a per annum percentage rate) which, when used in computing the present value of all payments of principal and interest to be paid on the Obligations, as of the settlement date, produces an amount equal to the aggregate price bid, including adjustments for premium or discount, if any. Present value will be computed on the basis of semiannual compounding and a 360-day year of twelve 30-day months. Bidders are requested to supply an estimate of the TIC for the Obligations through Parity®, computed as specified herein on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the City. The City will compute TIC for each bid, based on the bid price and the interest rates specified, and the City's computation will be conclusive. If there is any discrepancy between the TIC specified by a bidder and the actual TIC computed by the City, the TIC computed by the City will govern, and the bidder will be bound by its specified bid price and interest rates. If two or more proper bids produce equal values for the lowest TIC, the City will determine in its discretion which bid, if any, will be accepted, and such determination will be final.

CONDITIONS OF BIDS: Bids will be received on the Obligations bearing such rate or rates of interest as may be specified by the bidders, subject to the following conditions:

- (a) the same rate shall apply to all Obligations of the same maturity year;
- (b) no supplemental interest payments will be accepted;
- (c) no interest rate shall exceed 5.000%;
- (d) for the Obligations maturing on and after July 15, 2036, no maturity may be reoffered at a price of less than 98.00%;

- (e) the aggregate reoffering price of the Obligations (calculated based upon the coupons and yields submitted by the successful bidder) shall be no less than 98.00%;
- (f) bids must be expressed in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent; and
- (g) the highest interest rate bid shall not exceed the lowest rate bid by more than 2.00% per annum.

Each bid shall specify the total bid price with respect to the Obligations (which shall include the discount, if any, and the premium, if any, offered by the bidder), the total interest cost (expressed in dollars) during the term of the Obligations on the basis of such bid, and an estimate of the TIC on the basis of such bid. Any interest rate bid that would result in an interest payment amount having fractional cents will be deemed a waiver of the right to payment of such fractional cents. No fractional cents will be paid or accumulated for payment on any Obligation.

ESTABLISHMENT OF ISSUE PRICE OF THE OBLIGATIONS: The winning bidder shall assist the City in establishing the issue price of the Obligations and shall execute and deliver to the City upon execution and delivery of the Obligations (“Closing”) an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Obligations, together with the supporting pricing wires or equivalent communications, substantially in the form attached to this Notice as the Exhibit, with such modifications as may be appropriate or necessary, in the reasonable judgment of the entity submitting the successful bid, the City and Gust Rosenfeld P.L.C. as special counsel (“Special Counsel”). All actions to be taken by the City under this Notice to establish the issue price of the Obligations may be taken on behalf of the City by the Municipal Advisor.

Anticipated Compliance with Competitive Sale Requirements. The City anticipates that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Obligations) will apply to the initial sale of the Obligations (the “competitive sale requirements”) because:

- (a) the City shall disseminate this Notice to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (b) all bidders shall have an equal opportunity to bid;
- (c) the City expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (d) the City anticipates awarding the sale of the Obligations to the bidder who submits a firm offer to purchase the Obligations at the lowest true interest cost, as set forth in this Notice. Any bid submitted pursuant to this Notice shall be considered a firm offer for the purchase of the Obligations, as specified in the bid.

If Competitive Sale Requirements are Not Met. In the event that the competitive sale requirements are not satisfied with respect to the Obligations, the City shall so advise the entity submitting the successful bid. Bids will not be subject to cancellation in the event the competitive sale requirements are not met. The winning bidder may determine to treat (i) the first price or prices at which at least 10% of a maturity of the Obligations is sold to the public (the “10% Test”) as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Obligations as the issue price of that maturity (the “Hold-The-Offering-Price Rule”), in each case applied on a maturity-by-maturity basis. The winning bidder shall advise the City if any maturity of the Obligations satisfies the 10% Test as of such date and time of the award and which maturities of the Obligations shall be subject to the 10% Test or shall be subject to the Hold-The-Offering-Price Rule.

Application of the Hold-the-Offering-Price Rule. By submitting a bid, the successful bidder shall, on behalf of the underwriters participating in the purchase of the Obligations, (i) confirm that the underwriters have offered or will offer each maturity of the Obligations to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Obligations, that the underwriters will neither offer nor sell unsold Obligations of any maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (a) the close of the 5th business day after the sale date; or
- (b) the date on which the underwriters have sold at least 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Obligations to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the 5th business day after the sale date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to retail distribution agreement, as applicable, to (a) report the prices at which it sells to the public the unsold Obligations of each maturity allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Obligations of that maturity or all Obligations of that maturity have been sold to the public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires; and (ii) any agreement among underwriters relating to the initial sale of the Obligations to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Obligations to the public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the public the unsold Obligations of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% Test has been satisfied as to the Obligations of that maturity or all Obligations of that maturity have been sold to the public and (b) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

The City acknowledges that, in making the agreements and representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Obligations to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Obligations to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Obligations.

Definitions. Sales of any Obligations to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice. Further, for purposes of this Notice and this section entitled “ESTABLISHMENT OF ISSUE PRICE OF THE OBLIGATIONS”:

- “Public” means any person other than an underwriter or a related party.
- “Underwriter” means (i) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the Obligations to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the public).
- A purchaser of any of the Obligations is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
- “Sale date” means the date that the Obligations are awarded by the City to the winning bidder.

OPTIONAL REDEMPTION*: The Obligations maturing before or on July 15, 2036*, will not be subject to redemption prior to their stated maturity dates. The Obligations maturing on or after July 15, 2037*, will be subject to redemption prior to their stated maturity dates, at the option of the City, in whole or in part on July 15, 2036*, or any date

* *Subject to change.*

thereafter, by payment of a redemption price equal to the principal amount of each Obligation redeemed plus interest accrued to the date fixed for redemption, without premium.

FORM OF BID; GOOD FAITH DEPOSIT: The prescribed form of bid for the Obligations will be available on Parity®, and all bids must be submitted on that form. The winning bidder for the Obligations shall deliver a good faith deposit to the City in the amount of \$450,000 (the “Deposit”), as instructed by the City. The Deposit must be paid by federal funds wire transfer delivered no later than 2:00 P.M. E.D.T. on the Sale date. Wiring instructions will be provided to the winning bidder at the time of the verbal award. If not so received, the bid of the lowest bidder may be rejected and the City may direct the second lowest bidder to submit a Deposit and thereafter may award the sale of the Obligations to the same. Neither the City nor the Municipal Advisor has any liability for delays in the transmission of the Deposit. The Deposit will be retained by the City as security for the performance of the winning bidder and shall be applied to the purchase price of the Obligations upon delivery of the Obligations to the winning bidder. Pending delivery of the Obligations, the Deposit may be invested for the sole benefit of the City.

Contemporaneously with such wire transfer, the bidder shall send an e-mail to the Deputy City Manager/Finance Director (e-mail address: tmoline@cityofkingman.gov), the Assistant Finance Director (e-mail address: wsherer@cityofkingman.gov), and to the Municipal Advisor (e-mail addresses: jstricklin@columbiacapital.com and kdwyer@columbiacapital.com), including the following information: (i) indication that a wire transfer has been made, (ii) the amount of the wire transfer; (iii) the issue to which it applies; and (iv) federal reference number, if available.

The Deposit received from the winning bidder, the amount of which will be deducted at settlement, will be deposited by the City and no interest will accrue to the winning bidder. In the event the winning bidder fails to comply with the accepted bid, said amount will be retained by the City as reasonable liquidated damages, and not as a penalty.

PURPOSE: The Obligations are being issued for the purpose of financing certain City road improvements (the “Project”) and paying the costs of issuance of the Obligations. The Project will be financed by the City pursuant to an agreement between UMB Bank, n.a. (the “Trustee”) and the City (the “Agreement”) providing for the City’s payment to the Trustee of amounts necessary to enable the City to make timely payment of debt service on the Obligations. The City’s obligations pursuant to the Agreement will be secured by a pledge of and a lien on the City’s Excise Taxes (as defined in the Trust Agreement between the City and the Trustee related to the Obligations (the “Trust Agreement”).

BOOK-ENTRY-ONLY SYSTEM: The Obligations will be initially issued to, and registered in the name of, Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as the securities depository of the Obligations for a book-entry-only system (the “Book-Entry-Only System”).

Beneficial interests in the Obligations will be available to purchasers in amounts of \$5,000 of principal, or any integral multiple thereof, due on a specific maturity date only under the book-entry-only system maintained by DTC through brokers and dealers who are, or who act through, DTC participants.

Transfers of ownership interest in the Obligations will be accomplished by entries made on the books of direct and indirect DTC participants, acting on behalf of the beneficial owners. For every transfer and exchange of a beneficial interest in the Obligations, the beneficial owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its services as depository with respect to the Obligations at any time by giving notice to the Trustee and the City and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), physical certificates representing the Obligations will be executed and delivered. In addition, the City may determine to discontinue the Book-Entry-Only System of transfers through DTC (or a successor securities depository). In such event, physical certificates representing the Obligations will be registered in the names of the beneficial owners and executed and delivered. Upon registration of Obligations in the beneficial owner’s name, the beneficial owners will become the owners of the Obligations (the “Owners”) for all purposes, including the receipt of principal and interest payments and notices with respect to the Obligations.

For a more detailed description of the Book-Entry-Only System, see the information in the Official Statement relating to the Obligations (the “Official Statement”) entitled “Book-Entry-Only System.”

NOTICE OF REDEMPTION: The notice of any optional redemption of Obligations shall identify (i) by designation, letters, numbers or other distinguishing marks, the Obligations or portions thereof to be redeemed, (ii) the redemption price to be paid, (iii) the date fixed for redemption, and (iv) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Trustee on behalf of the City by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than 30 days prior to the date fixed for redemption, to the Owner of each Obligation subject to redemption in whole or in part at the address of the Owner shown on the Obligation register maintained by the Trustee on the 15th day preceding that mailing; provided, that failure to receive notice by mailing, or any defect in that notice, as to any Obligation shall not affect the validity of the proceedings for the redemption of any Obligation for which notice was properly given. The notice will also state whether the funds necessary for the redemption are on deposit with the Trustee or whether the redemption is conditional on such funds being deposited, on or prior to, the date set for redemption. The Trustee is not required to provide a notice of redemption of Obligations pursuant to mandatory redemption. Notwithstanding the foregoing, notice of redemption may be given to DTC or any securities depository by electronic means, or in any other manner permitted by the depository.

REGISTRATION AND TRANSFER: The Trustee will serve as registrar and paying agent with respect to the Obligations. If the Book-Entry-Only System is discontinued, the Trustee will administer registration and transfer of the Obligations and the Obligations will be transferable only upon the register to be maintained by the successor Trustee upon surrender to the Trustee. The Trustee may be changed without notice to any Owner or beneficial owner of the Obligations.

PAYMENT OF OBLIGATIONS: So long as the Obligations are held under the Book-Entry-Only System, all payments of principal, interest and premium, if any, shall be paid to DTC. If the Book-Entry-Only System is discontinued, interest on the Obligations shall be payable by check (unless the Owner is eligible for payment by wire transfer) mailed on or prior to the interest payment date to the Owners at the addresses of such Owners as they appear on the books of the Trustee on the record date (as described hereafter). Principal of, and premium, if any, on the Obligations shall be paid when due upon surrender of such Obligations at the designated corporate trust office of the Trustee (unless the Owner is eligible for payment by wire transfer). If the Book-Entry-Only System is discontinued, upon prior written request made at least 20 days prior to an interest payment date, by an Owner of at least \$1,000,000 in principal amount of Obligations outstanding or any Obligations held by a securities repository all payments of interest and premium, if any, and if adequate provision for surrender is made principal and premium, if any, shall be paid by wire transfer.

Notwithstanding any other provision of the Resolution adopted by the Mayor and City Council of the City of Kingman, Arizona on April 7, 2026, payment of principal and interest on any Obligation that is held by a securities depository may be paid by the Registrar by wire transfer in “same-day funds.”

RECORD DATE: So long as the Obligations are held under the Book-Entry-Only-System, payments of principal and interest shall be paid to DTC. If the Book-Entry-Only-System is discontinued, the record date for determination of ownership for payment of interest shall be the close of business on the last day of the calendar month (other than a Saturday, Sunday or a legal holiday or equivalent (other than a moratorium) for banking institutions generally (a “Business Day”)) immediately preceding the applicable Interest Payment Date, or if such date is not a Business Day, the previous Business Day. The Trustee shall pay interest to the Owners of record on the record date notwithstanding that transfers of ownership may occur on any Obligation between the record date and the next interest payment date.

SECURITY: The Obligations will be special revenue obligations, payable solely from payments to be made by the City pursuant to the Agreement and amounts from time to time deposited in the funds created under the Trust Agreement. The City’s obligations pursuant to the Agreement are secured by a pledge of and a lien on the City’s Excise Taxes.

RIGHT OF REJECTION: The City reserves the right, in its discretion, to reject any and all bids received and to waive any irregularity or informality in the bids, except that the time for receiving bids is of the essence.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be placed on the Obligations, but neither failure to print such numbers on any Obligation nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Obligations in accordance with the terms of the sale. No CUSIP number will be deemed to be a part of any Obligation or of the contract evidenced thereby. All expenses of printing CUSIP numbers on the obligations will be paid by the City, but the CUSIP Service Bureau charge for the assignment of CUSIP numbers will be paid by the purchaser of the Obligations.

COST OF OBLIGATION FORMS: The City shall bear the cost of printing the Obligations and will furnish fully executed Obligations registered in the name of the purchaser or nominees, to the purchaser upon payment therefor.

CANCELLATION: Purchasers are to take notice that, pursuant to Arizona law, if, within three years from the award of the contract to purchase the Obligations, any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Obligations on behalf of the City becomes an employee or agent of the winning bidder in any capacity or a consultant to the winning bidder with respect to the contract for the purchase of the Obligations, the City may cancel the contract without penalty or further obligation by the City. In addition to such cancellation, the City may recoup any fees or commissions paid or due to any person who was significantly involved in initiating, negotiating, securing, drafting or creating the contract for the purchase of the Obligations on behalf of the City.

LEGAL OPINION: The Obligations are sold with the understanding that the City will furnish the winning bidder with the approving opinion of Special Counsel. Said attorneys have been retained by the City as Special Counsel and in such capacity are to render their opinion only upon the legality of the Obligations under Arizona law and on the exemption of the interest income on such Obligations from federal and State of Arizona income taxes (see “Tax-Exempt Status” below). Fees of Special Counsel for services rendered in connection with such approving opinion are expected to be paid from Obligation proceeds. Except to the extent necessary to issue its approving opinion as to validity of the Obligations, Special Counsel has not been requested to examine or review and has not examined or reviewed any financial documents, statements or materials that have been or may be furnished in connection with the authorization, issuance or marketing of the Obligations and accordingly will not express any opinion with respect to the accuracy or completeness of any such financial documents, statements or materials. In submitting a bid for the Obligations, the bidder agrees to the representation of the City by Special Counsel.

TAX-EXEMPT STATUS: In the opinion of Special Counsel under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City, the portion of each payment made by the City pursuant to the Agreement, denominated and comprising interest and received by the beneficial owners of the Obligations, is excludable from the gross income of the owners thereof for federal income tax purposes and is exempt from Arizona income taxes.

Should changes in the law cause Special Counsel’s opinion to change prior to delivery of the Obligations to the purchaser, the purchaser will not be obligated to pick up and pay for the Obligations, and the winning bidder’s Deposit will be returned.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS: The Obligations will not be “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

PRELIMINARY OFFICIAL STATEMENT DEEMED FINAL, DELIVERY OF FINAL OFFICIAL STATEMENT: The City deems the Preliminary Official Statement provided in connection with the sale of the Obligations (the “Preliminary Official Statement”) to be final as of its date except for the omission of offering prices, selling compensation, delivery dates, terms to be specified in the winning bidder’s bid, ratings, other terms depending on such matters and the identity of the winning bidder.

Within 24 hours after the award of the Obligations, the purchaser must provide the City with all necessary offering price information, selling compensation information, all other terms of the sale which are depending on such matters and any underwriter information, all as may be necessary to complete the final Official Statement.

Within seven business days after the award of the Obligations, the City will provide the winning bidder with a reasonable number of copies of the final Official Statement at no cost. Additional copies of the final Official Statement may be obtained from the City at the winning bidder’s expense. The final Official Statement will be in substantially the same form as the Preliminary Official Statement with such additions, deletions or revisions as the City deems necessary.

The City will deliver at closing an executed certificate stating that as of the date of delivery the information contained in the final Official Statement, including any supplement, relating to the City and the Obligations is true and correct in all material respects and that such final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE: In connection with the issuance of the Obligations, the City will deliver a continuing disclosure certificate for purposes of Rule 15c2-12 of the Securities and Exchange Commission as hereinafter described and as described in the Official Statement. For purposes of Rule 15c2-12 of the Securities and Exchange Commission, the City is the only “obligated person” with respect to the Obligations and will agree, as described in the Official Statement, to provide or cause to be provided certain financial information and operating data related to the City and notices of the occurrence of certain enumerated events. See the more complete description of the agreement in the Official Statement.

The City is current with its continuing disclosure undertakings in all material respects.

NO LITIGATION AND NON-ARBITRAGE: The City will deliver a certificate to the effect, except as otherwise described in the Preliminary Official Statement or the final Official Statement, that no litigation is pending affecting the issuance and sale of the Obligations. The City will also deliver an arbitrage certificate covering its reasonable expectations concerning the Obligations.

ADDITIONAL INFORMATION: Copies of this Notice and the Preliminary Official Statement will be furnished to any bidder upon request made to the City Clerk at 310 North 4th Street, Kingman, Arizona 86401, telephone number (928) 753-8102 or Columbia Capital Management, LLC, 2942 North 24th Street, Suite 114, Phoenix, Arizona 85016-7849, telephone number (602) 345-9239, Municipal Advisor to the City.

CITY OF KINGMAN, ARIZONA, an Arizona municipal corporation

By: _____
Deputy City Manager/Finance Director

EXHIBIT

ISSUE PRICE CERTIFICATE

\$21,635,000*
CITY OF KINGMAN, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS,
SERIES 2026

The undersigned, on behalf of [NAME OF UNDERWRITER/REPRESENTATIVE] [{"(SHORT NAME OF UNDERWRITER)"}] [(the "Representative")] [, on behalf of itself and [NAMES OF OTHER UNDERWRITERS] (together, the "Underwriting Group")] hereby certifies as set forth below with respect to the sale and execution and delivery of the above-captioned obligations (the "Obligations").

[Alternative 1-Competitive Sale Rule applies]

1. [Reasonably Expected Initial Offering Price.]

(a) As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Obligations used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Obligations. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Obligations.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Obligations.]

[Alternatives 2-4 are available choices if Alternative 1 does not apply] [Note that Alternative 3 [where two rules apply] involves portions of Sections 1, 2(a) and 2(b) and Alternative 4 involves portions of 2(a) and 2(b)]

[1. **Sale of the Obligations.** **[Alternative 2 – All Maturities Use General Rule:** As of the date of this certificate, for each Maturity of the Obligations, the first price at which at least 10% of such Maturity of the Obligations was sold to the Public is the respective price listed in Schedule A.][**Alternative 3 – Select Maturities Use General Rule: Sale of the General Rule Maturities.** As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Obligations was sold to the Public is the respective price listed in Schedule A.]

2. [Initial Offering Price of the [Obligations]][Hold-the-Offering-Price Maturities]].

(a) **[Alternative 4 – All Maturities Use Hold-the-Offering-Price Rule:** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Obligations to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.] [**Alternative 3 – Select Maturities Use Hold-the-Offering-Price Rule:** [SHORT NAME OF UNDERWRITER][The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.]

* *Subject to change. See "MODIFICATION OF THE MATURITY SCHEDULE AND PAR AMOUNT" in the Notice.*

(b) **[Alternative 4 – All Maturities use Hold-the-Offering-Price Rule:** As set forth in the Notice and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Obligations, [it][they] would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Obligations at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.] **[Alternative 3 - Select Maturities Use Hold-the-Offering-Price Rule:** As set forth in the Notice Inviting Bids for the Purchase of Obligations and bid award, [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] [has][have] agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.]

[2.][3.] **Total Issue Price.** The total of the issue prices of all the Maturities is \$_____. [3.][4.]

Defined Terms.

[(a)] General Rule Maturities means those Maturities of the Obligations listed in Schedule A hereto as the “General Rule Maturities.”]

[(b)] Hold-the-Offering-Price Maturities means those Maturities of the Obligations listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

[(c)] Holding Period means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date ([DATE]), or (ii) the date on which the [SHORT NAME OF UNDERWRITER][the Underwriters] [has][have] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

[(a)] [(d)] Issuer means City of Kingman, Arizona.

[(b)] [(e)] Maturity means the Obligations with the same credit and payment terms. The Obligations with different maturity dates, are treated as separate Maturities.

[(c)] [(f)] Public means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of the Obligations generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

[(d)] [(g)] The Sale Date of the Obligations is May 14, 2026 *.

[(e)] [(h)] Underwriter means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Obligations to the Public).

* *Subject to change.*

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER/REPRESENTATIVE]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the City and with respect to compliance with the federal income tax rules affecting the Obligations, and by Special Counsel in connection with rendering its opinion that the interest on the Obligations is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Obligations.

[UNDERWRITER/REPRESENTATIVE]

By _____
Authorized Representative

Dated: _____, 2026

SCHEDULE A

[EXPECTED OFFERING PRICES]

[SALE PRICES]

(ATTACHED)

SCHEDULE B

[COPY OF UNDERWRITER'S BID]

(ATTACHED)

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OFFICIAL STATEMENT

\$21,635,000*

CITY OF KINGMAN, ARIZONA EXCISE TAX REVENUE OBLIGATIONS, SERIES 2026

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page, the inside front cover page and appendices hereto, has been prepared to provide information in connection with the execution and delivery by UMB Bank, n.a. (the “Trustee”) on behalf of the City of Kingman, Arizona (the “City”), of \$21,635,000* principal amount of the City’s Excise Tax Revenue Obligations, Series 2026 (the “Obligations”).

The offering of the Obligations is made only by this Official Statement, which supersedes any other information or materials used in connection with the offering or sale of the Obligations. Accordingly, prospective purchasers of the Obligations should read this entire Official Statement and all appendices before making an investment decision.

This Official Statement contains financial and other information derived from the City’s records, except for information expressly attributed to other sources. The presentation of historical information, including tables of receipts from taxes and other revenues, is intended to show recent historical information and is not to be construed as a projection or indication of future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as shown by such financial or other information, will necessarily continue or be repeated in the future.

The achievement of certain results or other expectations contained in “forward-looking” statements in this Official Statement involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The City does not plan to issue any updates or revisions to those “forward-looking” statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

Descriptions of the authorization, purpose and terms of the Obligations and summaries of certain provisions of an Agreement, to be dated as of June 1, 2026* (the “Agreement”), and a Trust Agreement, to be dated as of June 1, 2026* (the “Trust Agreement”), each by and between the City and the Trustee, are included in this Official Statement. Such descriptions and summaries are not comprehensive or definitive, and all summaries of and references to the Agreement and the Trust Agreement appearing herein are qualified by reference to the full text of such documents. References herein to the Obligations are qualified by reference to the form thereof as set forth in the Trust Agreement. Copies of the full texts of the Agreement and the Trust Agreement are available for inspection at the office of the Trustee at 6034 West Courtyard Drive, Suite 370, Austin, TX 78730. For definitions of certain words used in this Official Statement, and denoted by initial capital letters, see APPENDIX D – “SUMMARIES OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS.”

The City will be required under the Agreement to pay the Payments (as defined herein) for the Project (as defined herein) which are equal to the principal and interest payable with respect to the Obligations. The Payments will be payable from, and secured solely by a first pledge of, and a first lien on, Excise Taxes (as defined herein) on parity with the \$28,330,000 principal amount outstanding of City of Kingman, Arizona Excise Tax Revenue Obligations, Taxable Series 2021 and \$9,880,000 principal amount outstanding of City of Kingman, Arizona Excise Tax Revenue Obligations, Series 2025 (collectively, the “Existing Parity Obligations”) and any additional parity obligations that may be issued in the future as provided in the Agreement (“Additional Parity Obligations” and, collectively with the Existing Parity Obligations, the “Parity Obligations”). See “EXCISE TAXES” and “SECURITY AND SOURCES OF PAYMENT” herein.

* *Subject to change.*

Information about the City is included in APPENDIX A – “CITY OF KINGMAN, ARIZONA – GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION” and APPENDIX B – “CITY OF KINGMAN, ARIZONA – FINANCIAL DATA”, and the most recent audited financial statements for the City are included in APPENDIX C – “CITY OF KINGMAN, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025.”

THE OBLIGATIONS

General Provisions

The Obligations will be dated the date of their initial execution and delivery, and the principal represented thereby will bear interest from such date, at the rates, and will be payable on the dates and in the amounts, all as set forth on the inside front cover page hereof. Interest represented by the Obligations will be payable on each January 15 and July 15, commencing July 15, 2026*.

The Obligations will be registered only in the name of Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), under the book-entry-only system described in APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.” Beneficial ownership interests in the Obligations may be purchased through direct and indirect participants of DTC in amounts of \$5,000 payable on specific payment date or integral multiples thereof. See APPENDIX G – “BOOK-ENTRY-ONLY SYSTEM.”

Redemption Provisions

Optional Redemption. The Obligations maturing before or on July 15, 2036*, will not be subject to redemption prior to their stated maturity dates. The Obligations maturing on or after July 15, 2037*, will be subject to redemption prior to their stated maturity dates, at the option of the City, in whole or in part on July 15, 2036*, or on any date thereafter, by the payment of a redemption price equal to the principal amount of each Obligation redeemed plus interest accrued to the date fixed for redemption, without premium.

City’s Election to Redeem. The Trustee, at the direction of the City Representative (as defined in the Trust Agreement), will redeem any Obligations subject to redemption. The City Representative shall give written notice to the Trustee at least 45 days prior to the redemption date. In the event that notice of redemption shall have been given by the Trustee to the Owners (as defined in the Trust Agreement), if there has not been deposited with the Trustee prior to the redemption date, funds which, in addition to any other moneys available therefor and held by the Trustee, will be sufficient to redeem at the redemption price thereof, plus interest accrued to the redemption date, all of the redeemable Obligations for which notice of redemption has been given then such redemption shall be cancelled and of no effect and notice of cancellation shall be sent in the manner and to the persons that notice of redemption had been sent.

Notice of Redemption. The notice of redemption of Obligations shall identify (i) by designation, letters, numbers or other distinguishing marks, the Obligations or portions thereof to be redeemed, (ii) the redemption price to be paid, (iii) the date fixed for redemption, and (iv) the place or places where the amounts due upon redemption are payable. The notice shall be given by the Trustee on behalf of the City by mailing a copy of the redemption notice by first class mail, postage prepaid, not less than 30 days prior to the date fixed for redemption, to the Owner of each Obligation subject to redemption in whole or in part at the address of the Owner shown on the Obligation register maintained by the Trustee on the 15th day preceding that mailing; provided, that failure to receive notice by mailing, or any defect in that notice, as to any Obligation shall not affect the validity of the proceedings for the redemption of any Obligation for which notice was properly given. The notice will also state whether the funds necessary for the redemption are on deposit with the Trustee or whether the redemption is conditional on such funds being deposited, on or prior to, the date set for redemption. The Trustee is not required to provide a notice of redemption of Obligations pursuant to mandatory redemption. Notwithstanding the foregoing, notice of redemption may be given to DTC or any securities depository by electronic means, or in any other manner permitted by the depository.

* Subject to change.

Purchase of Obligations in Lieu of Redemption

If at any time there is money in the Payment Fund available for such purpose, any of the Outstanding Obligations may be purchased in the open market at a net cost to the City that would be less than the cost of redeeming such Obligations under the provisions of the Trust Agreement (or, prior to the time such Obligations may be prepaid, at a price equal to or below the principal amount thereof), the City, from time to time, may cause the Trustee to purchase so many of such Obligations as the City shall designate and to pay therefor from the Payment Fund, to the extent of the funds in the Payment Fund. The Obligations so purchased shall be cancelled by the Trustee in accordance with the provisions of the Trust Agreement.

SECURITY AND SOURCES OF PAYMENT

General

The Obligations will be special revenue obligations, payable solely from payments (the “Payments”) to be made by the City pursuant to the Agreement between the City and the Trustee, and amounts from time to time deposited in the funds created under the Trust Agreement. The Obligations are being executed and delivered for the purpose of (i) financing certain road improvements and (ii) paying costs incurred in connection with the execution and delivery of the Obligations.

The Payments to be made by the City under the Agreement will be payable from and secured by a first lien pledge of the Excise Taxes. This pledge will be on parity with the pledge of the Excise Taxes to payment of the Existing Parity Obligations and any Additional Parity Obligations. See “EXCISE TAXES” herein.

“Excise Taxes” means all unrestricted excise, franchise, transaction privilege taxes, State Shared Revenues (as defined herein), fees for licenses and permits, and fines and forfeitures, bed and rental taxes, now or after the execution and delivery of the Obligations validly imposed by the City or contributed, allocated and paid over to the City and not earmarked by the contributor for a contrary or inconsistent purpose to the payments and other amounts to come due under the Agreement and the Trust Agreement. Revenues generated by the City from development impact fees will not be deemed Excise Taxes for purposes of the Agreement and the Trust Agreement. Revenues received by the City from vehicle license taxes charged by the State of Arizona (the “State” or “Arizona”) will not be deemed Excise Taxes for purposes of the Agreement and the Trust Agreement.

Pursuant to Ordinance No. 617, Ordinance No. 1668 and Ordinance No. 1716, the City imposed, respectively, an additional 2.0% hotel and lodging tax to fund tourism development, an additional 2.0% on hotels to fund capital projects, and an additional 1.0% restaurant and bar tax to fund the repair and maintenance of streets. In addition, on April 7, 2026, the City Council adopted a notice of intent to consider increasing the transaction privilege (sales) and use tax by 0.50% across most taxable classifications, and by 1.00% for the commercial leasing classification and the additional hotel/motel classification. These increases are expected to be considered at the June 16, 2026, City Council meeting, to be effective September 1, 2026, with the revenues therefrom to be dedicated to funding the repair and maintenance of streets. The revenues generated by the increases to such taxes will not be deemed Excise Taxes and will not be pledged to the payment of amounts due pursuant to the Agreement. Such taxes are collectively referred to herein as the “Restricted Taxes.”

“State Shared Revenues” means all received amounts of excise taxes, transaction privilege (sales) taxes and income taxes imposed by the State or any agency thereof and returned, allocated or apportioned to the City, except the City’s share of any such taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes. Revenues received by the City from vehicle license taxes charged by the State will not be deemed State Shared Revenues for purposes of the Agreement or the Trust Agreement.

The Payments to be paid by the City to the Trustee pursuant to the Agreement may be paid, at the option of the City, from any other lawful revenue or source of the City. Such revenues are not pledged to the Payments, and, if commenced, such use of such revenues may be discontinued at any time by the City.

THE OBLIGATIONS WILL BE SPECIAL, LIMITED, REVENUE OBLIGATIONS OF THE CITY AND WILL BE PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN. THE OBLIGATIONS DO NOT CONSTITUTE A GENERAL OBLIGATION OR AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF (WITHIN THE MEANING OF CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION) AND THE FULL FAITH AND CREDIT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS NOT PLEDGED TO PAY THE PRINCIPAL OF OR INTEREST ON THE OBLIGATIONS.

Covenant to Maintain Debt Service Coverage

Pursuant to the Agreement, the Excise Taxes will, to the extent permitted by applicable law, be retained and maintained so that the amount of Excise Taxes, all within and for the next preceding fiscal year of the City, shall be equal to at least two times the total of interest and principal requirements for the current Bond Year (as defined in the Trust Agreement) for the Obligations, the Existing Parity Obligations and any Additional Parity Obligations. (The amount of the State Shared Revenues is determined by statutory formula and the City has not covenanted to, and has no power to, set or maintain rates or otherwise impose taxes to increase, replace or supplement the State Shared Revenues to provide for the payment of the amounts due on the Obligations.) If the receipts from the Excise Taxes for any such fiscal year shall not have been equal to at least two times the total of the interest and principal requirements for the current fiscal year for the Obligations, the Existing Parity Obligations and any Additional Parity Obligations or if at any time it appears that the current fiscal year's receipts from the Excise Taxes will not be sufficient to meet such requirements, the City will, to the extent permitted by law, either impose new Excise Taxes or increase the rates for the Excise Taxes currently imposed in order that (i) the current fiscal year's receipts will be sufficient to meet all current requirements on the Obligations and any Parity Obligations and (ii) the then current fiscal year's receipts will be equal to at least two times the next succeeding Bond Year's requirements*. See "EXCISE TAXES" herein.

Parity Obligations

The revenues from the Excise Taxes will not be encumbered on a basis equal to the lien enjoyed by the Agreement, whether under the Trust Agreement or otherwise, unless the revenues from the Excise Taxes in the most recently completed fiscal year of the City shall have amounted to at least two times the highest combined interest and principal payments to be made for any succeeding fiscal year for the Obligations and any Parity Obligations then outstanding and any Parity Obligations then proposed to be issued.

See footnote (a) to the table titled "Excise Tax Revenue Obligations Outstanding and to be Outstanding" herein for a description of the possible execution and delivery of Additional Parity Obligations in fiscal year 2026/27.

Events of Default; No Acceleration

Upon a failure by the City to make Payments pursuant to the Agreement or the occurrence of another Event of Default under the Agreement or the Trust Agreement, the Trustee may, upon request of the Owners of 25% in aggregate principal amount of the Obligations and upon being indemnified to its satisfaction, exercise the remedies described in APPENDIX D – "SUMMARIES OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS – AGREEMENT – Events of Default and Remedies Upon Event of Default," including, without limitation, enforcing the Agreement by legal or other action to collect amounts due under the Agreement or the Trust Agreement. Notwithstanding anything in the Agreement or the Trust Agreement, there will be no right to accelerate the maturities of the Obligations or Payments not then past due.

* In September 2025, the City Council removed the requirement for voters to approve any increases in the rate of the City's transaction privilege (sales) and use taxes.

EXCISE TAXES

Excise Taxes will be pledged as security for the Payments due pursuant to the Agreement, which will be used to pay debt service on the Obligations. The major categories of such revenues are discussed more fully under this heading.

NO ASSURANCES CAN BE GIVEN THAT THE AMOUNT OF STATE SHARED SALES TAXES OR STATE SHARED INCOME TAXES DESCRIBED HEREINBELOW WILL NOT BE REDUCED, RESTRICTED OR ELIMINATED BY THE STATE LEGISLATURE IN THE FUTURE.

Excise Taxes

City Transaction Privilege (Sales) Taxes. The City’s unrestricted transaction privilege (sales) tax is levied by the City upon persons and entities on account of their business activities within the City. The amount of tax due is calculated by applying the tax rate against the gross proceeds of sales or gross income derived from the business activities shown in the table below.

TABLE 1

TRANSACTION PRIVILEGE (SALES), LICENSE AND USE TAX RATES BY CATEGORY

Category	City Privilege Tax Rate (a)(b)
Advertising	2.50%
Amusements	2.50
Contracting – Prime	2.50
Contracting – Speculative Builders	2.50
Contracting – Owner Builder	2.50
Job Printing	2.50
Manufactured Buildings	2.50
Timbering and Other Extraction	2.50
Severance – Metal Mining	0.10
Publication	2.50
Hotels	2.50
Hotel/Motel (Additional Tax) (c)	4.00
Commercial Rental, Leasing & Licensing for Use	2.00
Rental, Leasing & Licensing for Use of TPP	2.50
Restaurant and Bars	2.50
Restaurant and Bars (Additional Tax) (c)	1.00
Retail Sales	2.50
MARRA Amount	2.50
Communications	2.50
Transporting	2.50
Utilities	2.50
Use Tax Purchases	2.50
Use Tax From Inventory	2.50

-
- (a) *Currently, the City levies a 2.50% transaction privilege (sales) tax (except for mining and certain hotel and restaurant and bar activities). The City Council is considering increasing the rates by: (i) 0.50% on all categories except for mining, hotel/motel (additional tax), commercial rental, leasing & licensure for use, and restaurant and bars, subject to a limitation on items over \$10,000; (ii) 1.00% for commercial rental, leasing & licensure for use; and (iii) 1.00% for hotel/motel (additional tax), the revenues from the increased portion of each of which will be considered Restricted Taxes and will not be pledged to the payment of amounts due pursuant to the Agreement. See “SECURITY AND SOURCES OF PAYMENT.”*
 - (b) *From and after December 31, 2024, Arizona cities and towns are no longer permitted to levy a transaction privilege (sales) tax on the business of renting or leasing real property for residential purposes.*
 - (c) *These amounts are Restricted Taxes, the revenues from which are not part of the Excise Taxes pledged to payment of the Payments. See “SECURITY AND SOURCES OF PAYMENT.”*

Source: Arizona Department of Revenue.

The following table shows audited collections of the City’s transaction privilege (sales) tax by industry classification for fiscal years 2020/21 through and including 2024/25, and budgeted collections for fiscal year 2025/26.

TABLE 2

TRANSACTION PRIVILEGE (SALES) TAX COLLECTIONS BY INDUSTRY CLASSIFICATION (a)

Industry Classification	Audited					Budgeted
	Fiscal Year 2020/21	Fiscal Year 2021/22	Fiscal Year 2022/23	Fiscal Year 2023/24	Fiscal Year 2024/25	Fiscal Year 2025/26 (b)
Retail and use	\$ 15,234,647	\$ 16,629,877	\$ 17,347,547	\$ 17,088,214	\$ 17,812,842	\$ 18,060,163
Restaurant and bar	3,715,828	4,078,674	4,513,294	4,542,557	4,676,242	4,559,706
Hotel and other lodging (c)	1,908,466	2,819,159	2,738,646	2,807,377	2,927,733	2,799,533
Construction	1,871,711	2,122,301	1,400,938	1,810,904	2,353,130	2,053,782
Online marketplace facilitators and remote sellers	1,022,894	1,220,666	1,407,302	1,686,332	1,998,271	2,013,067
Utilities and communication	560,470	509,445	744,148	1,183,528	1,063,028	1,364,313
Residential and commercial leasing (d)	911,406	849,432	1,183,539	763,176	765,843	500,594
Personal property leasing	569,988	653,712	577,389	645,066	756,581	710,044
Medical and adult use marijuana	76,203	208,430	198,365	286,743	363,940	382,525
Other	133,529	162,337	144,225	146,412	171,212	185,252
Total (e)	<u>\$ 26,005,142</u>	<u>\$ 29,254,033</u>	<u>\$ 30,255,393</u>	<u>\$ 30,960,309</u>	<u>\$ 32,888,822</u>	<u>\$ 32,628,979</u>

- (a) *Due to the City’s participation in the Arizona Department of Revenue (“ADOR”) sales tax collection program and ADOR’s reporting of collections on a cash basis, the totals represented here may differ from the amounts shown for Sales & use tax collections in TABLE 4.*
- (b) *Budgeted figures are “forward-looking” statements, subject to change upon audit and should be considered with an abundance of caution.*
- (c) *See footnote (b) to TABLE 1 for a description of certain amounts that are not part of the Excise Taxes pledged to payment of the Obligations. These amounts are included in TABLE 2 for illustrative purposes only.*
- (d) *As a result of the passage of Senate Bill 1131, from and after December 31, 2024, Arizona cities and towns are no longer permitted to levy a transaction privilege (sales) tax on the business of renting or leasing real property for residential purposes. As a result, revenues for fiscal year 2024/25 only include receipts from residential rental tax levied prior to January 1, 2025. In fiscal year 2023/24, the City had revenues of approximately \$360,000 from the residential rental tax. For the period between July 1, 2024, and December 31, 2024, which period is included in fiscal year 2024/25, the City collected approximately \$150,000 in rental tax revenues.*
- (e) *Totals may not add due to rounding.*

Source: Finance Department of the City.

Franchise Fees. The City imposes and collects franchise fees to engage in certain activities within the City and the right to utilize certain City property.

Business Licenses. The City imposes and collects fees for licenses to engage in certain activities within the City. Those entities transacting at more than one location for the type of business are required to have a separate business license for each location and activity. The City has the authority and ability to set the charge for the business license at whatever rate it determines.

Permits. The City imposes and collects fees for permits to engage in certain activities within the City and the right to utilize certain City property.

Fines and Forfeitures. The City imposes and collects fines and forfeitures for violations of State laws or City ordinances relating to traffic, parking, animal control and other offenses.

State Shared Revenues

State Shared Sales Taxes. Pursuant to statutory formula, cities and towns in Arizona receive a portion of revenues from the State-levied transaction privilege (sales) tax. As TABLE 3 indicates, the rate of taxation on such tax varies among the different types of business activities taxed, with the most common rate being 5.0% of the amount or volume of business transacted.

Currently, the aggregate amount distributed to all Arizona cities and towns is equal to 25% of the “distribution share” of revenues attributable to each category of taxable activity. Each city’s or town’s allocation of the revenues available to all cities and towns is based on its population relative to the aggregate population of all cities and towns as shown by the latest census, and is adjusted to account for new cities and towns incorporated since the latest census. State-levied transaction privilege (sales) taxes are collected by the State and are distributed monthly to cities and towns.

TABLE 3

STATE TRANSACTION PRIVILEGE (SALES), TAXABLE ACTIVITIES, AND DISTRIBUTION SHARE TAX RATES

Taxable Activities	State Tax Rate	Distribution Base	0.60% Education Tax Rate (a)	Combined Tax Rate
Transporting	5.000%	20.00%	0.60%	5.600%
Utilities	5.000	20.00	0.60	5.600
Communications	5.000	20.00	0.60	5.600
Private rail car and pipelines	5.000	20.00	0.60	5.600
Publishing	5.000	20.00	0.60	5.600
Printing	5.000	20.00	0.60	5.600
Contracting	5.000	20.00	0.60	5.600
Owner builder sales	5.000	20.00	0.60	5.600
Amusements	5.000	40.00	0.60	5.600
Restaurant and bars	5.000	40.00	0.60	5.600
Personal property rentals	5.000	40.00	0.60	5.600
Retail	5.000	40.00	0.60	5.600
Hotel/motel	5.500	50.00	N/A	5.500
Mining – non-metal, oil/gas	3.125	32.00	N/A	3.125
Mining severance	2.500	80.00	N/A	2.500
Use and use inventory tax	5.000	N/A	0.60	5.600
Medical marijuana	5.000	40.00	0.60	5.600
Adult use marijuana	5.000	40.00	0.60	5.600
Maintenance, repair, replacement or alteration	5.000	40.00	0.60	5.600
Online lodging marketplace	5.500	50.00	N/A	5.500
Remote seller or marketplace	5.000	40.00	0.60	5.600
Jet fuel use tax	(b)	N/A	N/A	(b)

N/A = Not applicable.

- (a) Represents the State transaction privilege (sales) tax rate approved by voters of the State in November 2000 (the “Education Tax”) on certain of the categories of business activity at six-tenths of a percent (0.6%). **The Education Tax collections are dedicated exclusively to education and are not distributed to the City or pledged to payment of the Payments. The Education Tax is scheduled to expire on June 30, 2041.**
- (b) Does not include \$0.0305 per gallon State tax on the retail sale of jet fuel, which tax is only levied on the first ten million gallons sold to each purchaser in each calendar year.

Source: Arizona Revised Statutes, Arizona Department of Revenue and the Arizona Secretary of State.

State Shared Income Taxes. Under State law, Arizona cities and towns are preempted by the State from imposing a local income tax. Cities and towns are, however, entitled by statutory formula to receive a percentage of State personal and corporate income tax collections. Distribution of such funds is made monthly based on the proportion of the population of each city and town to the total population of all incorporated cities and towns in the State as determined by the latest census, and is adjusted to account for new cities and towns incorporated since the latest census. The State Legislature has at various times adjusted the distribution percentage. Most recently, the percentage of State shared income tax received by cities and towns was 15.0%. As part of the State's fiscal year 2021/22 budget, on June 30, 2021, the Governor signed Senate Bill 1828 ("SB1828"), which consolidated the State's four personal income tax rate categories into a single flat rate of 2.5% over a three-year period, beginning after December 31, 2021.

Legislative reports at the time of passage of SB1828 indicated that such a rate consolidation was estimated to reduce significantly State income tax receipts, with a possible concurrent reduction in State shared income taxes distributed to Arizona cities and towns.

In order to partially mitigate impacts of the expected reduction in State shared income taxes, SB1828 increased, beginning in fiscal year 2023/24, the percentage of State income taxes distributed to cities and towns from 15% to 18%. As a result of the enactment of SB1828, the City received increases in its State shared income tax distribution in fiscal year 2023/24. Such increases did not continue in fiscal year 2024/25 and beyond as the enactment of the 2.5% flat income tax rate became fully implemented. The amount and continued receipt of State shared income taxes by the City have been reset to the new shared amount, and overall, the City has not been adversely affected by the changes; however, future impacts to the law governing this revenue are under the State legislature's control.

The State recorded individual income tax revenues of \$5.48 billion in fiscal year 2024/25, an increase of 13.1% year-over-year.

In addressing past State budgetary deficiencies, the Governor and members of the State legislature have occasionally proposed certain adjustments that would reduce the distribution of State shared income taxes to cities and towns. The City cannot determine whether any such proposals will occur in the future and become law or how they might affect the City's receipt of State shared income taxes.

Legislation Regarding Withholding of State Shared Revenues. Section 41-194.01, Arizona Revised Statutes, permits the State to withhold from a county, city or town ("Local Jurisdiction") State revenues that would otherwise be shared with Local Jurisdictions.

Under such statute, at the request of one or more members of the State Legislature, the State Attorney General must investigate any ordinance, regulation, order or other official action ("Local Action") adopted or taken by the governing body of a Local Jurisdiction that the legislator alleges violates State law or the State Constitution. The Attorney General must make a written report within 30 days after receipt of the request. The Local Jurisdiction then has 30 days to resolve the violation. If the Attorney General determines that the violation has not been resolved within 30 days, the Attorney General must notify the State Treasurer and the State Treasurer must withhold payment to the Local Jurisdiction of State Shared Revenues otherwise due to the Local Jurisdiction pursuant to Section 42-5029(L), Arizona Revised Statutes and all State Shared Revenues otherwise due to the Local Jurisdiction pursuant to Section 43-206(F), Arizona Revised Statutes, until such time as the Attorney General determines that the violation has been resolved. However, the State Treasurer may not withhold any amount that the Local Jurisdiction certifies to the Attorney General and the State Treasurer as being necessary to make deposits or payments for debt service on bonds or other long-term obligations that were issued or incurred before the Local Action occurred.

The City is not aware of any Local Action by the City taken or currently under consideration that does or if taken would violate State law or the State Constitution. State Shared Revenues are a component of the Excise Taxes pledged to payments due with respect to the Agreement. The withholding of State Shared Revenues could have a material adverse effect on the payment of principal of and interest on the Obligations during any period of withholding.

Lack of City's Control Over State Shared Sales Tax or State Shared Income Tax Levels. From time to time, bills are introduced in, and legislation enacted by, the Arizona Legislature to change the formulas used to allocate State Shared

Sales Taxes and State Shared Income Taxes, including proposed adjustments that would reduce the distribution to cities and towns. The possibility of changes in this respect are more likely to be adverse to the City when the State is experiencing financial difficulties. The City cannot determine whether any such measures will become law or how they might affect State Shared Sales Taxes and State Shared Income Taxes, which comprise State Shared Revenues. In addition, initiative measures are circulated from time to time seeking to place on the ballot changes in Arizona law, which would repeal or modify State Shared Sales Taxes and State Shared Income Taxes (a major source of funds for state revenue sharing). The City cannot predict if any such initiative measures will ever actually be submitted to the electors, what form the measures might take or the outcome of any such election.

The State historically has made distributions of State Shared Revenues to all Arizona cities and towns, including the City. The State Legislature could, however, at any time, alter the formula or reduce the amount or change the timing of distribution of State Shared Revenues to the City and is under no legal obligation to maintain the amount of State Shared Revenues distributed to the City at any amount or level. No assurances can be given that the amount of State Shared Sales Taxes and State Shared Income Taxes will not be reduced, restricted or eliminated by the State Legislature in the future. The State Legislature may from time to time eliminate State Shared Sales Taxes and State Shared Income Taxes or may change the amount and timing of payment of State Shared Sales Taxes and State Shared Income Taxes and is under no legal obligation to maintain the amount of State Shared Sales Taxes and State Shared Income Taxes payable to the City at any amount or level. For example, addressing State budgetary deficiencies, adjustments that reduce the distribution of State Shared Sales Taxes could be enacted. Likewise, legislative reductions in State sales or income taxes generally could result in reductions in the amounts distributed to local governments, including the City. Accordingly, the City is unable to covenant to maintain State Shared Sales Taxes or State Shared Income Taxes at any certain level.

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Excise Taxes Collections

Set forth below are audited collections of revenues from the Excise Taxes for fiscal years 2020/21 through and including 2024/25 and budgeted and projected collections for fiscal year 2025/26.

TABLE 4
HISTORICAL, BUDGETED AND PROJECTED EXCISE TAXES (a)

Source	Audited					Budgeted	Projected
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 (b)	2025/26 (b)
Sales & use tax (c)	\$ 23,762,118	\$ 26,405,057	\$ 27,288,766	\$ 27,956,189	\$29,795,927	\$29,595,645	\$30,148,718
State shared sales tax	3,679,169	4,605,295	4,999,599	5,287,521	5,420,374	5,392,089	5,436,516
State revenue sharing (d)	4,432,191	4,267,023	6,416,086	9,252,974	7,516,529	7,030,793	6,896,744
Fines and forfeitures	291,644	296,860	277,011	283,678	371,331	286,961	403,828
Franchise fees	804,384	821,232	951,955	1,083,018	1,178,083	1,224,328	1,227,140
Licenses and permits (e)	1,253,754	1,077,796	745,867	914,322	955,351	929,459	874,329
TOTAL	<u>\$ 34,223,260</u>	<u>\$ 37,473,263</u>	<u>\$ 40,679,284</u>	<u>\$ 44,777,702</u>	<u>\$ 45,237,595</u>	<u>\$ 44,459,275</u>	<u>\$ 44,987,274</u>

- (a) *Due to the City's participation in the ADOR sales tax collection program and ADOR's reporting of collections on a cash basis, the totals represented here may differ from the amounts shown for Transaction Privilege (Sales) Tax Collections in TABLE 2.*
- (b) *Projected State revenue sharing figures have been adjusted to account for new cities and towns incorporated after the budgeted numbers were prepared. Such figures have not been adjusted for any potential impact to statewide changes implemented as a result of changes to federal funding formulas as part of the One Big Beautiful Bill Act. Budgeted and projected figures are "forward-looking" statements, subject to change upon audit and should be considered with an abundance of caution. Projected figures are based on unaudited actual collections through December 31, 2025, and projected collections for the remainder of the fiscal year.*
- (c) *Excludes revenues from the Restricted Taxes.*
- (d) *In July 2023, the State of Arizona adopted a flat income tax rate of 2.5% which was phased over a 2-year period and resulted in reduced income tax collections. Prior to July 2023, the State distributed 15% of income tax collections to cities and towns. In an effort to offset the negative impact the flat tax would have on cities and towns' distributions, the State increased its distribution rate from 15% to 18% beginning in July 2023. See "EXCISE TAXES – State Shared Revenues."*
- (e) *In April 2018, the City Council adopted an ordinance that would waive all commercial building permit, plan review and inspection fees through June 30, 2019. In June 2019, Council extended the fee waiver program to September 30, 2019. In September 2019, Council established an infill incentive district, which extended the fee waiver through December 31, 2025, for commercial properties located within the district boundaries.*

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SOURCES AND USES OF FUNDS

Sources of Funds

Principal Amount	\$21,6350,000.00*
[Net] Original Issue Premium/(Discount) (a)	_____
Total Sources of Funds	=====

Uses of Funds

Deposit to Project Fund	
Deposit to Delivery Costs Fund (b)	_____
Total Uses of Funds	=====

- (a) *Net original issue premium/(discount) consists of original issue premium on the Obligations, less original issue discount on the Obligations.*
- (b) *Includes compensation and costs of Special Counsel and the Municipal Advisor (as defined herein), the Trustee, rating agency fees, printing and other costs with respect to the Obligations.*

* *Subject to change.*

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ESTIMATED DEBT SERVICE REQUIREMENTS AND PROJECTED COVERAGE

The following table illustrates the (i) annual debt service on the Existing Parity Obligations, (ii) estimated annual debt service on the Obligations, (iii) total estimated annual debt service requirements after execution and delivery of the Obligations and (iv) projected maximum annual debt service coverage.

TABLE 5
ESTIMATED DEBT SERVICE REQUIREMENTS AND PROJECTED COVERAGE (a)

Fiscal Year	Excise Tax Revenues (b)	Outstanding Obligations		The Obligations*		Total Estimated Annual Debt Service Requirements*	Projected Maximum Annual Debt Service Coverage (d) *
		Principal	Interest	Principal	Interest (c)		
2024/25	\$45,237,495						
2025/26							
2026/27		\$ 2,340,000	\$ 1,057,426	-	\$ 590,488 (e)	\$ 3,987,915	
2027/28		2,380,000	1,018,277	-	961,881	4,360,159	
2028/29		2,550,000	969,465	-	961,881	4,481,346	
2029/30		2,610,000	911,425	\$ 855,000	940,506	5,316,931	8.51x
2030/31		2,670,000	847,128	900,000	896,631	5,313,759	
2031/32		2,735,000	778,218	945,000	850,506	5,308,724	
2032/33		2,810,000	704,604	990,000	802,131	5,306,735	
2033/34		2,890,000	625,663	1,040,000	751,381	5,307,044	
2034/35		2,975,000	541,743	1,095,000	698,006	5,309,749	
2035/36		3,065,000	452,474	1,150,000	641,881	5,309,355	
2036/37		3,160,000	357,602	1,205,000	583,006	5,305,608	
2037/38		3,255,000	256,986	1,265,000	524,419	5,301,405	
2038/39		605,000	193,125	1,325,000	467,800	2,590,925	
2039/40		630,000	168,425	1,380,000	412,044	2,590,469	
2040/41		650,000	142,825	1,435,000	355,744	2,583,569	
2041/42		670,000	114,750	1,490,000	299,106	2,573,856	
2042/43		700,000	83,925	1,545,000	241,234	2,570,159	
2043/44		740,000	51,525	1,605,000	179,200	2,575,725	
2044/45		775,000	17,438	1,670,000	111,613	2,574,050	
2045/46				1,740,000	38,063	1,778,063	
		\$ 38,210,000		\$ 21,635,000	\$ 11,308,523	\$ 80,445,546	

(a) Prepared by the Municipal Advisor.

(b) The amount of revenues from the Excise Taxes used to calculate the coverage requirements for existing and projected debt service is the audited amount for fiscal year 2024/25. See TABLE 4 – “HISTORICAL, BUDGETED AND PROJECTED EXCISE TAXES.”

(c) Interest on the Obligations is estimated.

(d) Debt service coverage is based on revenues available for debt service (see footnote (b)) compared to the highest combined total of the debt service requirements in any succeeding fiscal year for the Obligations and the Existing Parity Obligations.

(e) The first interest payment on the Obligations is due on July 15, 2026*, representing interest from the initial execution and delivery of the Obligations. Thereafter, interest payments will be made semiannually on January 15 and July 15, until maturity or prior redemption.

* Subject to change.

LITIGATION

Representatives of the City will certify that no litigation or administrative action or proceeding is pending or, to the best of their knowledge, threatened, restraining or enjoining, or seeking to restrain or enjoin, the authorization, sale or execution and delivery of the Obligations or contesting or questioning the proceedings and authority under which the Obligations have been authorized and are to be secured, sold, executed or delivered, or the validity of the Obligations.

RATINGS

S&P Global Ratings, a division of Standard & Poor's Financial Services LLC ("S&P"), and Fitch Ratings, Inc. ("Fitch") have assigned a rating of "AA" and "AA," respectively, to the Obligations. Such rating reflects only the views of S&P and Fitch, and any desired explanation of the significance of these ratings should be obtained from the rating agency furnishing the same at the following addresses: S&P at One California Street, 31st Floor, San Francisco, CA 94111 and Fitch at One State Street Plaza, New York, New York 10004. The respective ratings may be revised or withdrawn entirely at any time by S&P or Fitch if, in their judgment, circumstances so warrant. Any subsequent downward revision or withdrawal of such ratings may have an adverse effect on the market price or marketability of the Obligations. The City will covenant in its continuing disclosure certificate with respect to the Obligations that it will file notice of any formal change in any rating relating to the Obligations. See "CONTINUING DISCLOSURE" and APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" herein.

LEGAL MATTERS

Legal matters relating to the validity of the Obligations under Arizona law, and with regard to the tax-exempt status of the hereinafter defined Interest Portion will be passed upon for the City by Gust Rosenfeld P.L.C., Phoenix, Arizona, Special Counsel ("Special Counsel"). See "TAX EXEMPTION" herein. The signed legal opinion of Special Counsel is dated and premised on the law in effect only as of the date of original delivery of the Obligations and will be delivered to the City at the time of original issuance.

The proposed text of the legal opinion is set forth as APPENDIX E – "FORM OF APPROVING LEGAL OPINION." The legal opinion to be delivered may vary from the text of APPENDIX E if necessary to reflect the facts and law existing on the date of delivery. The opinion will speak only as of its date, and subsequent distribution, by recirculation of this Official Statement or otherwise, should not be construed as a representation that Special Counsel has reviewed or expressed any opinion concerning any matters relating to the Obligations subsequent to the original delivery of the Obligations.

Special Counsel has reviewed the information in the tax caption on the cover page as well as the information under the headings "INTRODUCTORY STATEMENT," "THE OBLIGATIONS," "SECURITY AND SOURCES OF PAYMENT," "TAX EXEMPTION" and "CONTINUING DISCLOSURE" (except as it relates to compliance with prior undertakings as to which Special Counsel expresses no opinion) therein, and in APPENDIX D – "SUMMARIES OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS," APPENDIX E – "FORM OF APPROVING LEGAL OPINION," and APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" but otherwise has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness or sufficiency. Special Counsel has neither examined nor attempted to examine nor verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto.

From time to time, there are legislative proposals (and interpretations of such proposals by courts of law and other entities and individuals) which, if enacted, could alter or amend numerous matters, both financial and nonfinancial, affecting the operations of municipalities which could have a material effect on the City and could adversely affect the secondary market value or marketability of the Obligations. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to obligations (such as the Obligations) issued prior to enactment.

The various legal opinions to be delivered concurrently with the delivery of the Obligations will express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein dated and speaking only as of the date of delivery of the Obligations. By rendering a legal opinion, the provider of the legal opinion does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX EXEMPTION

In the opinion of Special Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuing compliance with certain restrictions, conditions and requirements by the City, the portion of each payment made by the City pursuant to the Agreement, denominated and comprising interest and received by the owners of the Obligations (the "Interest Portion"), is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The Interest Portion is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, the Interest Portion may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. In the opinion of Special Counsel, the Interest Portion is exempt from State income taxes so long as the Interest Portion is excludable for federal income tax purposes.

The Code includes requirements that the City must continue to meet after the execution and delivery of the Obligations in order that the Interest Portion not be includable in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause the Interest Portion to be includable in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Obligations. The City has covenanted in the Agreement to take the actions required by the Code to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. The opinion of Special Counsel assumes continuing compliance with such covenants.

Although Special Counsel will render an opinion that, as of the delivery date of the Obligations, the Interest Portion is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Obligations may otherwise affect a Beneficial Owner's (as defined in APPENDIX G – "BOOK-ENTRY-ONLY SYSTEM") federal tax liability. Certain taxpayers may experience other tax consequences. Taxpayers purchasing the Obligations, including without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain subchapter S corporations, individuals who receive Social Security or Railroad Retirement benefits and taxpayers who have or are deemed to have incurred indebtedness to purchase or carry tax-exempt obligations should consult their tax advisors as to the applicability of such tax consequences to the respective Beneficial Owner. The nature and extent of these other tax consequences will depend upon the Beneficial Owner's particular tax status and the Beneficial Owner's other items of income or deduction. Special Counsel expresses no opinion regarding any such other tax consequences.

Special Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Special Counsel as of the date thereof. Special Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Special Counsel's attention, or to reflect any changes in law that may thereafter occur or become effective. Moreover, Special Counsel's opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Special Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

From time to time, there are legislative proposals in Congress, which, if enacted, or made effective, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Obligations. Any such change that occurs before initial delivery of the Obligations could cause Special Counsel to deliver an opinion substantially different from the form of opinion shown in APPENDIX E – "FORM OF APPROVING LEGAL OPINION." The extent of change in Special Counsel's opinion cannot be determined at this time. It cannot be predicted whether, when or in what form any such proposals would apply to obligations (such as the Obligations) issued prior to enactment or effective date. Prospective purchasers should consult with their own tax advisors regarding any other pending or proposed federal income tax legislation.

Original Issue Discount

The initial public offering prices of the Obligations maturing on July 15, 20[] through and including July 15, 20[] (collectively, the “Discount Obligations”), are less than the respective amounts payable at maturity. As a result, the Discount Obligations will be considered to be issued with original issue discount. The difference between the initial public offering price (assuming it is the first price at which a substantial amount of that maturity of Discount Obligations was sold (the “OID Issue Price”)) of the Discount Obligations and the amount payable at maturity of the Discount Obligations will be treated as “original issue discount.” With respect to a Beneficial Owner who purchases a Discount Obligation in the initial public offering at the OID Issue Price and who holds the Discount Obligation to maturity, the full amount of original issue discount will constitute interest income that is not includable in the gross income of the Beneficial Owner of the Discount Obligation for federal income tax purposes and Arizona income tax purposes and that Beneficial Owner will not, under present federal income tax law and present Arizona income tax law, realize a taxable capital gain upon payment of the Discount Obligation at maturity.

The original issue discount on each of the Discount Obligations is treated for federal income tax purposes and Arizona income tax purposes as accreting daily over the term of such Discount Obligation on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on January 15 and July 15 (with straight-line interpolation between compounding dates).

The amount of original issue discount accreting each period will be added to the Beneficial Owner’s tax basis for the Discount Obligation. The adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Discount Obligation. Initial Beneficial Owners of a Discount Obligation who dispose of the Discount Obligation prior to maturity should consult their tax advisors as to the amount of the original issue discount accrued over the period held and the amount of taxable gain or loss upon the sale or disposition of the Discount Obligation prior to maturity.

The Code contains certain provisions relating to the accretion of original issue discount in the case of subsequent Beneficial Owners of the Discount Obligations. Beneficial Owners who do not purchase the Discount Obligations in the initial offering at the OID Issue Price should consult their own tax advisors with respect to the tax consequences of the ownership of Discount Obligations.

A portion of the original issue discount that accretes in each year to a Beneficial Owner of a Discount Obligation may result in certain collateral federal income tax consequences as described in “TAX EXEMPTION” herein.

Beneficial Owners of Discount Obligations in states other than Arizona should consult their own tax advisors with respect to the state and local tax consequences of owning Discount Obligations.

Amortizable Premium

The initial public offering prices of the Obligations maturing on July 15, 20__ through and including July 15, 20__ (collectively, the “Premium Obligations”) are greater than the amount payable on such Premium Obligations at maturity. An amount equal to the difference between the initial public offering price of a Premium Obligation (assuming that a substantial amount of the Premium Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial Beneficial Owner of such Premium Obligations. The basis for federal income tax purposes of a Premium Obligation in the hands of such initial Beneficial Owner must be reduced each year by the amortizable obligation premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable obligation premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium that is amortizable each year by an initial Beneficial Owner is determined by using such Beneficial Owner’s yield to maturity. Beneficial Owners of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable obligation premium with respect to the Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Obligations.

RELATIONSHIP AMONG PARTIES

Special Counsel serves and has served as bond counsel for one or more of the political subdivisions that the City territorially overlaps.

CONTINUING DISCLOSURE

The City will covenant for the benefit of the Owners of the Obligations, in accordance with Rule 15c2-12 of the Securities and Exchange Commission, to provide certain financial information and operating data relating to the City by not later than February 1 in each year commencing February 1, 2027 (the “Annual Reports”), and to provide notices of the occurrence of certain enumerated events (the “Notices”). The form of the undertaking which describes the content of the Annual Reports and the Notices and method of their dissemination is included as APPENDIX F – “FORM OF CONTINUING DISCLOSURE CERTIFICATE” hereto. A failure by the City to comply with these covenants must be reported in accordance with the Rule 15c2-12(b)(5) and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Obligations in the secondary market. Absence of continuing disclosure could adversely affect the Obligations and specifically their market price and transferability.

MUNICIPAL ADVISOR

Columbia Capital Management, LLC (the “Municipal Advisor”), a registered municipal advisor, has been engaged to serve as municipal advisor to the City with respect to the issuance of the Obligations, which includes advising the City with various matters related to the planning, structuring and issuance of the Obligations. The Municipal Advisor is a financial and investment advisory and consulting organization and is not engaged in the underwriting of municipal securities or other negotiable instruments. The Municipal Advisor’s fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations.

The Municipal Advisor has assisted in the assembly and preparation of this Official Statement at the direction and on behalf of the City, but has not verified, and does not assume any responsibility for, the information, covenants and representations contained in any documents with respect to the federal income tax status of the Obligations, or any possible impact of any present, pending or future actions taken by any legislative or judicial bodies. No person is entitled to rely on the Municipal Advisor’s participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of the information contained herein.

UNDERWRITING

On May 14, 2026, the City received _____ bids for the Obligations. The Obligations have been sold at public sale by the City to _____ (the “Underwriter”) on the basis of lowest true interest cost. The Underwriter has agreed, subject to certain conditions, to purchase the Obligations at a purchase price equal to the initial offering prices shown on the inside cover page hereof, less an underwriter’s discount of \$ _____.

FINANCIAL STATEMENTS

The audited comprehensive annual financial statements of the City for the year ended June 30, 2025, a copy of which is included in APPENDIX C – “THE CITY OF KINGMAN, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025” of this Official Statement, have been audited by Forvis Mazars, LLP, certified public accountants, to the extent and for the period indicated in their report thereon. The City is not aware of any facts that would make such audited comprehensive annual financial statements misleading. The audited comprehensive annual financial statements are for the fiscal year ending June 30, 2025, and are not current and may not represent the current financial condition of the City. The City neither requested nor obtained the consent of Forvis Mazars, LLP, to include the report, and Forvis Mazars, LLP, has performed no procedures subsequent to rendering its opinion on the financial statements.

CONCLUDING STATEMENT

To the extent that any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations or fact of certainty and no representation is made that any of these statements have been or will be realized. Information set forth in this Official Statement has been derived from the records of the City and from certain other sources, as referenced, and is believed by the City to be accurate and reliable. Information other than that obtained from official records of the City has not been independently confirmed or verified by the City and its accuracy is not guaranteed.

Neither this Official Statement nor any statements that may have been or that may be made orally or in writing are to be construed as a part of a contract with the original purchasers or subsequent Owners of the Obligations.

This Official Statement has been prepared on behalf of the City and executed for and on behalf of the City by its Deputy City Manager/Finance Director.

CITY OF KINGMAN, ARIZONA

By: _____
Deputy City Manager/Finance Director

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**CITY OF KINGMAN, ARIZONA –
GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION**

The following information regarding the City is provided for background information only. No representation is made as to the relevance of the data to the repayment of the Obligations. The Obligations are payable solely from Payments to be paid by the City under the Agreement which are secured by the Excise Taxes as described under the heading “SECURITY AND SOURCES OF PAYMENT.”

General

The City is located in Mohave County, Arizona (the “County”) in the northwest portion of the State, approximately 185 miles northwest of Phoenix, Arizona and approximately 100 miles south of Las Vegas, Nevada. The City encompasses an area of approximately 33 square miles between the Hualapai, Cerbat and Black Mountains. The City’s location on the Burlington Santa Fe Railroad line in the 1880s resulted in the City’s selection as the County seat in 1887. The City was incorporated in 1952. The following table illustrates population statistics for the State, the County and the City.

The following table illustrates respective population statistics for the City, the County and the State.

**POPULATION STATISTICS
City of Kingman, Arizona**

Year	City of Kingman	Mohave County	State of Arizona
2025 Estimate (a)	36,080	231,078	7,718,703
2020 Census	32,689	213,267	7,151,502
2010 Census	28,068	200,186	6,392,017
2000 Census	20,069	155,032	5,130,632
1990 Census	12,722	93,497	3,665,339
1980 Census	9,257	55,865	2,716,546

(a) Estimates as of July 1, 2025 (data released December 2025).

Source: Arizona Office of Economic Opportunity and the U.S. Census Bureau.

Municipal Government and Organization

The City government operates under the Council-Manager form of government. Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and six Councilmembers. Councilmembers are elected to four-year staggered terms. The Mayor is directly elected at large every two years by the qualified voters of the City. The City Council is responsible, among other things, for the adoption of local ordinances, budget adoption, the development of citizen advisory committees and the hiring of the City Manager. The City Manager is responsible for implementation of the policies of the City Council. City employees are hired under personnel rules specified by the City Council. The City offers a range of municipal services including police and fire protection, water and sewer and garbage collection and roadway upgrading and maintenance.

Economy

The City serves as a regional trade, service and distribution center for the northwestern portion of the State and represents one of the principal commercial and industrial centers for the County. The City’s central location relative to Los Angeles, California, Las Vegas, Nevada, Phoenix, Arizona, Laughlin, Nevada and the Grand Canyon National Park have made tourism, manufacturing and distribution important economic factors for the City. Interstate 40, the Burlington Santa Fe Railroad mainline and a fully developed Airport Industrial Airpark facilitate the growth of these industries.

Tourism is a large contributor to the City’s economy due to its location within the Hualapai Valley between the Cerbat and Hualapai Mountain Ranges, its close proximity to the Colorado River, and its historical significance. The Colorado River forms the western boundary of the County. Approximately 1,000 miles of freshwater shoreline lie within the County along the Colorado River and Lake Havasu, Mohave and Mead. The nearby mountains offer hiking, picnicking, and camping while the rivers and lakes offer bass, catfish, and trout fishing along with boating and other recreational water sports. The City has developed a walking tour through its historical district and the historical Route 66 runs through the City representing the longest remaining preserved stretch of that highway in the United States.

The table below illustrates several of the major employers within the City.

**MAJOR EMPLOYERS
City of Kingman, Arizona**

Employer	Product/Service	Approx. No. of Employees
Mohave County	Government	1,358
Kingman Hospital Inc	Health Care	1,300
Desert De Oro Foods, Inc.	Restaurant	1,042
Kingman Unified School District No. 20	Education	800
American Woodmark Corporation	Manufacturing	513
City of Kingman	Government	421
Mohave Community College	Education	210
Cardinal Health, Inc.	Health Care	200
State of Arizona	Government	187
Cracker Barrel	Restaurant	118

Source: Maricopa Association of Governments.

The table below illustrates the unemployment averages for the United States, the State, the County and the City.

UNEMPLOYMENT RATE AVERAGES (a)

Year	United States	State of Arizona	Mohave County	City of Kingman
2025 (b)	4.4%	4.3%	4.6%	4.6%
2024	4.0	3.7	4.4	4.2
2023	3.6	3.7	4.5	4.2
2022	3.7	3.8	4.7	4.2
2021	5.4	5.0	5.9	5.6
2020	8.1	7.8	10.2	9.0

(a) Each year, historical estimates from the Local Area Unemployment Statistics (LAUS) program are revised to reflect new population controls from the Census Bureau, updated input data, and re-estimation. The data for model-based areas also incorporate new seasonal adjustment, and the unadjusted estimates are controlled to new census division and U.S. totals. Sub-state area data subsequently are revised to incorporate updated inputs, re-estimation, and controlling to new statewide totals.

(b) Data as of April 2026.

Source: Arizona Office of Economic Opportunity, in collaboration with the U.S. Census Bureau.

**CITY OF KINGMAN, ARIZONA –
FINANCIAL DATA**

The following information regarding the City is provided for background information only. No representation is made as to the relevance of the data to the repayment of the Obligations. The Obligations are payable solely from Payments to be paid by the City under the Agreement which are secured by a first lien pledge of the Excise Taxes as described under the heading "SECURITY AND SOURCES OF PAYMENT."

**Current Year Statistics (Fiscal Year 2025/26)
City of Kingman, Arizona**

General Obligation Bonded Debt Outstanding	None
Excise Tax Revenue Obligations	
Outstanding and to be Outstanding	\$59,845,000*(a)
Wastewater Revenue Obligations Outstanding	10,866,817
Improvement District Bonded Debt Outstanding	None

* Subject to change.

(a) Includes the Obligations.

STATEMENTS OF BONDED INDEBTEDNESS

**Excise Tax Revenue Obligations Outstanding and to be Outstanding*
City of Kingman, Arizona**

Issue Series	Original Amount	Purpose	Final Maturity Date (July 15)	Balance Outstanding and to be Outstanding	
2021	\$ 38,755,000	PSPRS Unfunded Liability Management	2037	\$ 28,330,000	
2025	10,205,000	Water System & Road Improvements	2044	<u>9,880,000</u>	
Total Excise Tax Revenue Obligations Outstanding				\$ 38,210,000	
Plus: The Obligations				<u>21,635,000</u>	*
Total Excise Tax Revenue Obligations Outstanding and to be Outstanding				<u>\$ 59,845,000</u>	*(a)

* Subject to change.

(a) The City plans to cause the execution and delivery of approximately \$7.5 million of Additional Parity Obligations prior to the end of fiscal year 2026/27 to finance the costs of construction of a fire station.

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Wastewater Revenue Obligations Outstanding (a)
City of Kingman, Arizona

Issue Series	Original Amount	Purpose	Final Maturity Date (July 15)	Balance Outstanding and to be Outstanding
2021	\$ 33,783,632	Refunding - Hilltop wastewater treatment plant project	2028	\$ 6,065,193
2025	16,500,598	Downtown wastewater treatment plant project	2030	<u>4,801,624</u>

Total Wastewater Revenue Obligations Outstanding \$10,866,817 *(a)

(a) Represents loan agreements with the Water Infrastructure Finance Authority of Arizona. These loans are secured by and payable from sewer system revenues.

Other Obligations Outstanding
City of Kingman, Arizona

Item	Approximate Payment Amount	Periods Due
Solid waste trucks (six trucks)	\$312,570	Annually through July 2028
Golf carts	\$89,513	Semi-annually through May 2026
Vehicle lease (four vehicles)	\$45,843	Annually through December 2027
Vehicle lease (seven vehicles)	\$84,390	Annually through March 2028
Vehicle lease (four vehicles)	\$48,496	Annually through April 2028
Vehicle lease (four vehicles)	\$32,747	Annually through June 2030
Freightliners (two trucks)	\$117,956	Annually through June 2030
Solid waste trucks (two trucks)	\$159,082	Annually through November 2030
Vehicle lease (ten vehicles)	\$108,901	Annually through January 2029
Vehicle lease (eight vehicles)	\$100,724	Annually through April 2029
Vehicle lease (six vehicles)	\$77,364	Annually through May 2029
Solid waste trucks (three trucks)	\$239,702	Annually through October 2031
Vehicle lease (six vehicles)	\$79,214	Annually through November 2029
Vehicle lease (fifteen vehicles)	\$188,199	Annually through January 2030

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GENERAL FUND

Below are the City general fund revenues, expenditures and changes in fund balance for audited fiscal years 2020/21 through and including 2024/25 and budgeted fiscal year 2025/26. **THIS INFORMATION IS NOT INTENDED TO INDICATE FUTURE OR CONTINUING TRENDS OF THE FINANCIAL AFFAIRS OF THE CITY. The Obligations will be payable solely from the sources described under the heading “SECURITY AND SOURCES OF PAYMENT.” The information provided in the following table is for reference only.**

General Fund City of Kingman, Arizona

	Audited					Budgeted
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26 (a)
FUND BALANCE AT BEGINNING OF YEAR	\$ 24,580,848	\$ 38,115,756	\$ 45,048,407	\$ 39,830,172	\$ 38,075,895	\$ 42,713,029
REVENUES						
Taxes	\$ 27,736,859	\$ 30,640,655	\$ 31,914,180	\$ 29,894,438	\$ 31,865,635	\$ 31,685,204
Intergovernmental revenues	8,165,850	9,111,874	11,698,664	17,392,167	16,322,431	15,722,757
Fines and forfeitures	291,644	296,860	277,011	283,678	371,331	286,961
License permits and fees	1,253,754	1,077,796	745,867	914,422	955,351	929,459
Investment earnings (losses)	-	-	1,407,317	2,117,700	1,645,178	618,032
Charges for services	1,634,914	1,933,896	2,077,813	2,558,767	2,417,028	2,253,947
Interest	12,410	86,990	-	-	-	-
Other Revenues	3,556,593	5,721,176	176,849	131,807	193,776	50,700
TOTAL REVENUES	<u>\$ 42,652,024</u>	<u>\$ 48,869,247</u>	<u>\$ 48,297,701</u>	<u>\$ 53,292,979</u>	<u>\$ 53,770,730</u>	<u>\$ 51,547,060</u>
ADJUSTMENTS						
Transfers in	\$ 2,866,778	\$ 2,828,804	\$ 3,421,522	\$ 2,818,152	\$ 3,532,476	\$ 5,734,590
Transfers out (b)	(3,573,437)	(21,409,990)	(26,879,383)	(23,324,171)	(15,522,402)	(17,126,677)
Sale of capital assets	43,310	11,149	13,862	-	92,302	940,475
Proceeds from capital leases	66,360	568,002	226,063	-	-	-
Bonds/loans issued	-	38,755,000	1,068,981	750,053	655,298	-
Leases issued	-	-	-	-	582,790	1,328,650
Subscription-based information technology arrangements	-	-	92,034	279,124	-	-
TOTAL FUNDS AVAILABLE FOR EXPENDITURES	<u>\$ 66,635,883</u>	<u>\$ 107,737,968</u>	<u>\$ 71,289,187</u>	<u>\$ 73,646,309</u>	<u>\$ 81,187,089</u>	<u>\$ 85,137,127</u>
EXPENDITURES						
Current:						
General government	\$ 5,769,453	\$ 6,321,386	\$ 6,928,823	\$ 7,694,040	\$ 7,902,851	\$ 10,932,197
Public safety	17,094,337	48,657,685 (c)	15,963,274	18,333,135	19,664,045	28,135,593
Culture and recreation	4,605,620	4,260,690	4,714,192	5,337,514	5,426,632	6,185,884
Economic development	631,361	1,499,029	1,625,894	1,925,726	2,037,392	2,252,117
Capital Outlay	390,592	1,072,735	1,935,702	1,835,852	2,683,980	1,184,935
Debt Service						
Principal retirement	17,520	47,870	245,958	333,006	637,536	1,916,045
Interest and fiscal charges	11,244	39,031	45,172	111,141	121,624	115,760
Debt issuance costs	-	791,135	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 28,520,127</u>	<u>\$ 62,689,561</u>	<u>\$ 31,459,015</u>	<u>\$ 35,570,414</u>	<u>\$ 38,474,060</u>	<u>\$ 50,722,531</u>
FUND BALANCE AT END OF YEAR	<u>\$ 38,115,756</u>	<u>\$ 45,048,407</u>	<u>\$ 39,830,172</u>	<u>\$ 38,075,895</u>	<u>\$ 42,713,029</u>	<u>\$ 34,414,596</u>

(a) Budgeted figures are “forward-looking” statements, subject to change upon audit and should be considered with an abundance of caution.

(b) Increased transfers out beginning in fiscal year 2021/22 reflect transfers out to fund capital projects and street improvements to reduce fund balances to levels consistent with City policy and such transfers out are expected to continue through fiscal year 2029/30.

(c) Increased public safety expenditures in fiscal year 2021/22 reflect execution and delivery on behalf of the City of its Excise Tax Revenue Obligations, Taxable Series 2021, in the original aggregate principal amount of \$38,755,000, the proceeds of which were used to fully fund the City’s then-unfunded liabilities with respect to PSPRS (as defined herein).

RETIREMENT SYSTEM

Retirement Benefits

The City contributes to the retirement plans described in APPENDIX C – “CITY OF KINGMAN, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025.” Benefits are established by State statute and generally provide retirement, death, long-term disability, survivor and health insurance premium benefits. Both the City and each covered employee contribute to the plans.

Each of the plans has reported increases in its unfunded liabilities. The increases in unfunded liabilities is expected to result in increased future annual contributions by the City and its employees; however, the specific impact on the City’s and its employees’ future contributions cannot be determined at this time.

In APPENDIX C – “THE CITY OF KINGMAN, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025” is information about the plans based on GASB’s Statements Numbers 67 and 68. Please refer to APPENDIX C for additional information about the plans. The information in this section is based on the Arizona State Retirement System’s and Public Safety Personnel Retirement System reports for fiscal year 2024/2025, which were deemed the most up-to-date source as of the date of this Official Statement. Accordingly, the information may differ from that provided in APPENDIX C.

The Arizona State Retirement System (“ASRS”). ASRS is a multiple-employer defined benefit pension plan, a multiple-employer defined benefit health insurance premium benefit plan, and a multiple-employer defined benefit long-term disability plan for over 650,000 Arizona public employees including qualified employees of the State, municipal governments, counties and K-12 education agencies. As of June 30, 2025, the net pension liability for ASRS was \$15.5 billion with a funding ratio of 78.8% and an actuarial assumed rate of return of 7.0%. As of June 30, 2025, ASRS reported a liability of \$19,111,892 for the City’s proportionate share of the net pension liability. Pursuant to State statute, the contribution rate for the employer (the City) and active members of ASRS are equal.

The contribution rate for the fiscal year beginning on July 1 is based on the results of the most relevant actuarial valuation as of the last day of the preceding plan year. The member’s contribution rate is equal to the required employer contribution rate. The contribution rate for fiscal year 2024/25 was 12.27% for each member and each employer, based on the 2023 actuarial valuation. For fiscal year 2025/26, the actuarially determined contribution rate for the City and active members of ASRS is 12.00%.

The table below shows recent actuarially determined contribution rates that the active ASRS members and the City are/were required to contribute, the plan’s funded status and the pension contributions under ASRS for the next, current and past three fiscal years.

Fiscal Year Ended	Retirement and Health Insurance Premiums	Long-term Disability	Total Contribution Rate*	Funded Status	Pension Contributions
30-Jun-26	11.86%	0.14%	12.00%	unavailable	unavailable
30-Jun-25	12.12	0.15	12.27	78.8%	\$2,127,873
30-Jun-24	12.14	0.15	12.29	76.9	1,938,954
30-Jun-23	12.03	0.14	12.17	75.5	1,693,665
30-Jun-22	12.22	0.19	12.41	74.3	1,513,166

Source: 2025 Arizona State Retirement System Annual Comprehensive Financial Report.

** The contribution rate for the fiscal year beginning each July 1 is based on the results of the most recent actuarial valuation as of the last day of the preceding plan year. For instance, the contribution rate for fiscal year 2025 (which begins July 1, 2024) is based on the 2023 actuarial valuation.*

The Public Safety Personnel Retirement System. PSPRS is an agent multiple-employer defined benefit pension plan and an agent multiple employer defined benefit health insurance premium benefit plan that covers public safety personnel who are regularly assigned to hazardous duties for which the Arizona State Legislature establishes active plan members’ contribution rates and member benefits. This is not a “pooled” system – a separate account exists for the police and fire employees of each participating political subdivision. In total, there are 258 individual plans in PSPRS. Each plan has its own financial condition, funding status, etc. which varies greatly across the system.

A 2016 amendment to the State constitution (“Prop 124”) created an exception to the prohibition in the Constitution against diminishing or impairing public retirement system benefits by allowing for certain adjustments to PSPRS and preserved the State’s legislature ability to modify public retirement benefits. Prop 124 allowed for, among other things, the replacement of permanent benefit increases then required by law with COLA (defined below) provisions tied to the regional consumer price indexes.

PSPRS active membership is comprised of three separate “tiers” based on date of hire which are shown in the following table.

<u>“Tier 1” Members</u>	<u>“Tier 2” Members</u>	<u>“Tier 3” Members</u>
Hired into PSPRS position before January 1, 2012	Hired into PSPRS position on or after January 1, 2012 and before July 1, 2017	Hired into PSPRS position on or after July 1, 2017

The different tiers have different types of plans. Tier 1 members have a defined benefit plan, Tier 2 members have a defined benefit or defined benefit hybrid plan and Tier 3 members have a defined contribution, defined benefit or defined benefit hybrid plan. (The hybrid plan is a pension with an additional defined contribution tax-deferred retirement savings account for Tier 2 and Tier 3 members who do not contribute to Social Security). For Tier 1 and Tier 2 members, the type of plan is determined automatically. For Tier 3 members the type of plan is an irrevocable career choice with a default to a defined benefit plan after 90 days. The actuarially determined employer contribution rate varies among the different tiers and the different types of plans as shown in the tables below.

The following tables show the actuarially determined annual contribution rates, funded status and total audited contribution amounts for PSPRS.

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Police

	Fiscal Year Ended				
	<u>6/30/2022</u>	<u>6/30/2023</u>	<u>6/30/2024</u>	<u>6/30/2025</u>	<u>6/30/2026</u>
<u>Actuarially Determined Contribution Rates</u>					
Tier 1 Defined Benefit Employer (a)	49.20%	10.06%	10.49%	10.60%	14.26%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	49.20%	10.06%	10.49%	10.60%	14.26%
Tier 2 Defined Benefit Employee (a)(b)	11.65%	11.65%	7.65%	7.65%	7.65%
Tier 3 Defined Benefit Employer (a)	49.37%	50.45%	9.56%	8.89%	12.35%
Tier 3 Defined Benefit Employee (a)	9.94%	9.94%	9.56%	8.89%	8.69%
Tier 3 Defined Contribution Employer (a)	49.31%	51.36%	10.60%	10.73%	14.40%
Tier 3 Defined Contribution Employee	9.88%	10.85%	10.60%	10.73%	10.74%
Pension Funded Status	67.83%	101.21%	98.26%	97.15%	N/A
Health Funded Status	141.97%	133.11%	150.16%	166.33%	N/A
Total City (Employer) Pension and Contribution	\$17,239,282 (c)	\$327,415	\$369,748	\$399,916	N/A

-
- (a) *Does not include additional contribution percentage of 3% associated with Tier 2 & 3 defined benefit members additionally participating in the defined contribution plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date and 3% for Tier 3 members.*
 - (b) *Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.*
 - (c) *During fiscal year 2021/22, the City issued \$38,755,000 principal amount of Excise Tax Revenue Obligations, Taxable Series 2021 to fund a prepayment to PSPRS related to its then PSPRS unfunded pension liability.*

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Fire

	Fiscal Year Ended				
	6/30/2022	6/30/2023	6/30/2024	6/30/2025	6/30/2026
<u>Actuarially Determined Contribution Rates</u>					
Tier 1 Defined Benefit Employer (a)	48.02%	13.28%	13.75%	12.78%	19.11%
Tier 1 Defined Benefit Employee	7.65%	7.65%	7.65%	7.65%	7.65%
Tier 2 Defined Benefit Employer (a)	48.02%	13.28%	13.75%	12.78%	19.11%
Tier 2 Defined Benefit Employee (a)(b)	11.65%	11.65%	7.65%	7.65%	7.65%
Tier 3 Defined Benefit Employer (a)	44.87%	44.95%	9.56%	8.89%	15.02%
Tier 3 Defined Benefit Employee (a)	9.94%	9.94%	9.56%	8.89%	8.69%
Tier 3 Defined Contribution Employer (a)	44.81%	45.86%	10.60%	10.73%	17.07%
Tier 3 Defined Contribution Employee	9.88%	10.85%	10.60%	10.73%	10.74%
Pension Funded Status	68.73%	99.35%	97.97%	94.18%	N/A
Health Funded Status	149.41%	149.79%	169.27%	176.87%	N/A
Total City (Employer) Pension and Contribution	\$17,400,342 (c)	\$401,689	\$420,823	\$455,474	N/A

- (a) Does not include additional contribution percentage of 3% associated with Tier 2 & 3 defined benefit members additionally participating in the defined contribution plan. Employer rate is 4% for Tier 2 members for a period of time depending on the individual's membership date and 3% for Tier 3 members.
- (b) Tier 2 employees contribute a maximum of 11.65%, but statutory requirements dictate only 7.65% is applied toward employer costs.
- (c) During fiscal year 2021/22, the City issued \$38,755,000 principal amount of Excise Tax Revenue Obligations, Taxable Series 2021 to fund a prepayment to PSPRS related to its then PSPRS unfunded pension liability.

Statutory Changes and Court Decisions Regarding the PSPRS. PSPRS is operated under the umbrella of the Public Safety Personnel Retirement System and the Public Safety Personnel Retirement System Board of Trustees. Since 2011 there have been various retirement program modifications designed to mitigate the increasing unfunded liabilities in the programs. Some of these modifications were enacted by the Arizona Legislature and other changes (like Prop 124) were implemented by voter approved amendments to the State Constitution. Additionally, in some instances, modifications enacted by the Arizona Legislature were reversed based on the outcome of successful court challenges. Substantively, the modifications have included changes to contribution rates, retirement criteria, funding horizons, retirement benefits and post-retirement benefit increase calculations.

Potential Future State Legislation Affecting ASRS and PSPRS. Bills are frequently introduced at sessions of the State Legislature that, if enacted, could impact the administration of the ASRS and PSPRS and the eligibility, timing and payment of benefits from such plans. The City is unable to determine whether any such bills will be enacted into legislation or in what form such legislation may be enacted and what the impact of any such legislation may be.

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Other Post-Employment Retirement Benefits. During the year ended June 30, 2018, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The City is required to report the actuarially accrued cost of post-employment benefits, other than pension benefits (“OPEB”), such as health and life insurance for current and future retirees. GASB Statement No. 75 addresses reporting by governments that provide OPEB by measuring and recognizing net assets or liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures related to OPEB provided through defined benefit OPEB plan.

Please see page 65 in APPENDIX C – “CITY OF KINGMAN, ARIZONA – AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025” for further discussion of the City and its Other Post-Employment Benefits.

**CITY OF KINGMAN, ARIZONA
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

The following audited financial statements are for the fiscal year ended June 30, 2025. These are the most recent audited financial statements available to the City. Such financial statements speak only of that date and do not report any changes that might have occurred since June 30, 2025.

The City neither requested nor obtained the consent of Forvis Mazars, LLP to include such financial statements and Forvis Mazars, LLP has not reviewed this Official Statement nor performed any procedures subsequent to rendering its opinion on such financial statements.

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City of Kingman, Arizona
Annual Comprehensive Financial Report
For Fiscal Year Ended June 30, 2025



City of Kingman, Arizona

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2025

Prepared by the Finance Department

Tina D. Moline, Deputy City Manager/Finance Director



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Introductory Section





City of Kingman

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November 21, 2025

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

It is with great pleasure that we submit the Annual Comprehensive Financial Report (ACFR) for the City of Kingman, Arizona for the fiscal year ended June 30, 2025. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City.

The Annual Comprehensive Financial Report (ACFR) provides an in-depth overview of the financial activity and position of the city for the fiscal year ending June 30, 2025. The report contains financial statements for the city's funds and includes government-wide financial statements that consist of a Statement of Net Position, providing the total net position of the City, and the Statement of Activities, exhibiting the cost of providing government services.

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 has established an internal control framework that is designed to both protect the assets of the City from loss, theft, or misuse and to allow for the compiling of sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal control procedures have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of management's 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 Forvis Mazars, LLP, 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, 2025, 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 auditor concluded, based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City of Kingman's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Rugged, Adventurous & Unafraid.



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Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

The Annual Comprehensive Financial Report is presented in three sections:

1. **The Introductory Section**, which is unaudited, includes this letter of transmittal, the City's officials page and the City's organizational chart.
2. **The Financial Section**, which includes the MD&A, the basic financial statements and related notes, the independent auditor's report on the financial statements, and required supplementary information and supplementary information.
3. **The Statistical Section**, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

City of Kingman Profile

The City of Kingman, incorporated in 1952, is located in northwestern Arizona at the intersection of Interstate 40 and U.S. 93. Its boundaries enclose 33 square miles in Mohave County, and the City of Kingman is Mohave County's seat. The estimated population for 2025 is 35,562.

The City operates under the council-manager form of government. 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 Council hires 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.

In fiscal year 2025 a staff of 421 full-time equivalent authorized employees performed the various functions of the City of Kingman's city government. The City of Kingman provides a full range of municipal services, including police and fire services; development services; the construction and maintenance of streets and other infrastructure; recreational activities and cultural events; economic development and tourism; swimming pools, parks, and trails; a public transit system; and an airport. The City of Kingman also operates a municipal water, sewer, solid waste and stormwater utility that presently serves about 23,000 customers.

Budgetary Controls

The annual budget serves as the foundation for the City of Kingman's financial planning and control. The budget process includes forecasting revenues and expenditures as well as capital budgeting over a 5-year period. Any capital project necessitating financing is called out specifically within the budget. The City Council formally adopts the budget and legally allocates, or appropriates, available financial resources for all funds and entities related to the City of Kingman. All of these funds and entities are included in the basic financial statements. The City Manager submits to the City Council each spring a recommended budget for the fiscal year commencing the following July 1. A public hearing is held prior to the budget's final adoption in order to obtain public comments. The budget is legally enacted through the passage of a resolution which sets the limit for expenditures during the fiscal year.



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The legal level of control for the budget is the division level. Additional expenditures may be authorized for unanticipated and/or inadequately budgeted events threatening the public's health or safety as prescribed in Article 9, Section 20 of the State Constitution.

Local Economy

The City of Kingman is 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. Since the City of Kingman is the county seat of Mohave County, it is the home to many county offices and court-related businesses. Several state offices also call Kingman home as it allows them to serve the northwestern Arizona region. The New Kingman-Butler area, which borders the City of Kingman's city limits, adds almost 13,000 persons to the City of Kingman's market area trade population. The 8,800 residents of Golden Valley, which is an unincorporated area nearby, also contribute to the City of Kingman's market area trade population.

The City of Kingman is often referred to as the "Heart of Historic Route 66." As a result, Kingman is recognized internationally and is frequented by travelers across the state, county and globe.

At the conclusion of this year, the City of Kingman concluded a downtown streetscape project which revitalized the downtown by improving walkability, aesthetics, and infrastructure such as ADA upgrades, landscaping and street furniture.

Other infrastructure improvements included the realignment of Eastern Street, beginning stages of the construction of Flying Fortress Parkway Traffic Interchange, extension of the Grace Neal sewer main line and Santa Rosa Transmission water main line, and dross cleanup at the airport.

Long-Term Financial Planning

Addressing deteriorated streets continues to be a top priority for the City Council, but funding a maintenance program to improve the street conditions has been a challenge since the early 2000's. The City of Kingman's adopted fund balance policy states that the unassigned fund balance within the General Fund will not fall between 25% - 50% of the General Fund's budgeted expenditures and outgoing transfers. For many years, the unassigned fund balance exceeded 50%. In fiscal year 2023, the Council approved a street maintenance program to utilize General Fund unassigned fund balance through fiscal year 2030 as the funding source. This will result in a decline, over this period of time, to a 30% unassigned fund balance level.

Sales Tax

Sales tax is the largest revenue source for the City of Kingman. The City of Kingman does not collect a primary property tax.



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General Sales Tax

The City of Kingman's general sales tax rate is 2.5% which is a general-purpose tax that benefits the General Fund. During fiscal year 2025, the City of Kingman continued to experience migration from surrounding areas. General sales tax collections broke all-time highs. Collections exceeded \$29.8 million, up 6.6% compared to fiscal year 2024. Retail sales tax collections reached \$17.8 million which was an increase of 4.2% from the prior year. Online sales tax collections increased by 18.5%, generating \$2.0 million in collections. With several large construction projects taking place, construction sales tax exceeded the levels of fiscal year 2024, increasing by 29.9%, or \$542,226, over fiscal year 2024 collections.

Bed Tax

The City of Kingman assesses a 4% additional sales tax rate on hotels and motels. 2% of the sales tax rate is dedicated to tourism related activities and is primarily used to support the Powerhouse Visitor Center's efforts to attract travelers to the area. The other 2% of the sales tax rate is dedicated towards general government capital projects and system improvements, such as public safety apparatus, traffic signal upgrades, street improvements, building remodels, and enhancements to park facilities. Local tourism experienced a slight increase from fiscal year 2024 resulting in a 4.3% increase, or \$1,783,250, in collections. These monies are split equally between tourism activities and capital projects.

Restaurant and Bar Tax

There is a 1% additional sales tax rate imposed on restaurants and bars. The revenue generated by this tax is dedicated towards the maintenance of the City of Kingman's streets. The revenue collected from this tax totaled \$1.3 million, up 1.5% over the prior fiscal year. It's important to note that these revenues make very little impact on improving the street conditions.

Fee Studies And Additional Revenue Streams

Long-term financial planning includes the recurring assessment of existing fees and charges as well as evaluating new revenue streams. Providing citizens with the services and programs they are used to receiving is an important piece of the long-term financial planning process.

During fiscal year 2025, fee studies for the water system and solid waste system were performed. The fee studies addressed the increasing costs of operational and capital needs as well as the 45-day cash reserve requirement. A water system rate increase and solid waste system increase were adopted by the City Council during fiscal year 2025 and will go into effect in July 2025.

As part of the fee study, the Council elected to implement a drop-off recycling program. A new fee for users of this program will go into effect in October which is when the program will be fully operational.



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Fund Balance Policy

The City Council's current fund balance policy is to maintain between 25% - 50% of next year's General Fund budgeted expenditures and outgoing transfers in unassigned fund balance. For fiscal year 2025, this policy resulted in a minimum reserve requirement of \$16.5 million and a maximum requirement of \$33.0 million. The unassigned fund balance at the end of the year is \$29.5 million.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Kingman, Arizona for its ACFR for fiscal year ended June 30, 2024. To be awarded this prestigious award, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable requirements. This award is only valid for one year. The City will be applying for the Certificate of Achievement for Excellence in Financial Reporting for its ACFR for the fiscal year ended June 30, 2025. We believe that the fiscal year 2025 ACFR meets the program's requirements.

The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the dedicated commitment of every member of the Finance Department. We also wish to thank the Mayor, City Councilmembers, and all city staff for their continued support in planning and conducting the financial affairs of the City in a responsible and professional manner.

Respectfully submitted,

Tim Walsh, Jr.
City Manager

Tina D. Moline
Deputy City Manager/Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Kingman
Arizona**

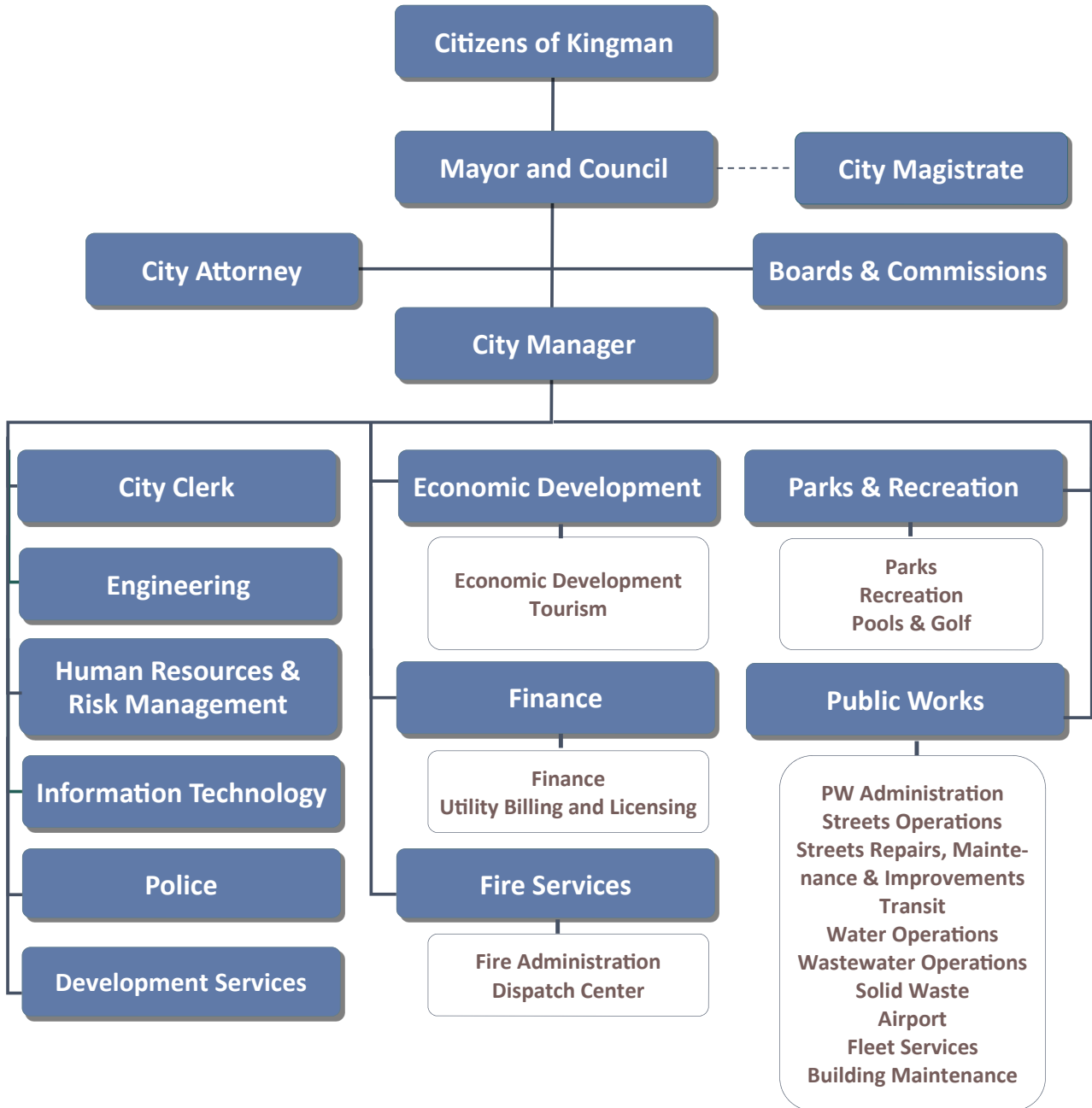
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

City Organization Chart





City of Kingman

City Council Members

Mayor, Ken Watkins

Vice Mayor, Cherish Sammeli

Smiley Ward

Shawn Savage

Jamie Scott Stehly

Keith Walker

Jim Dykens

City Manager

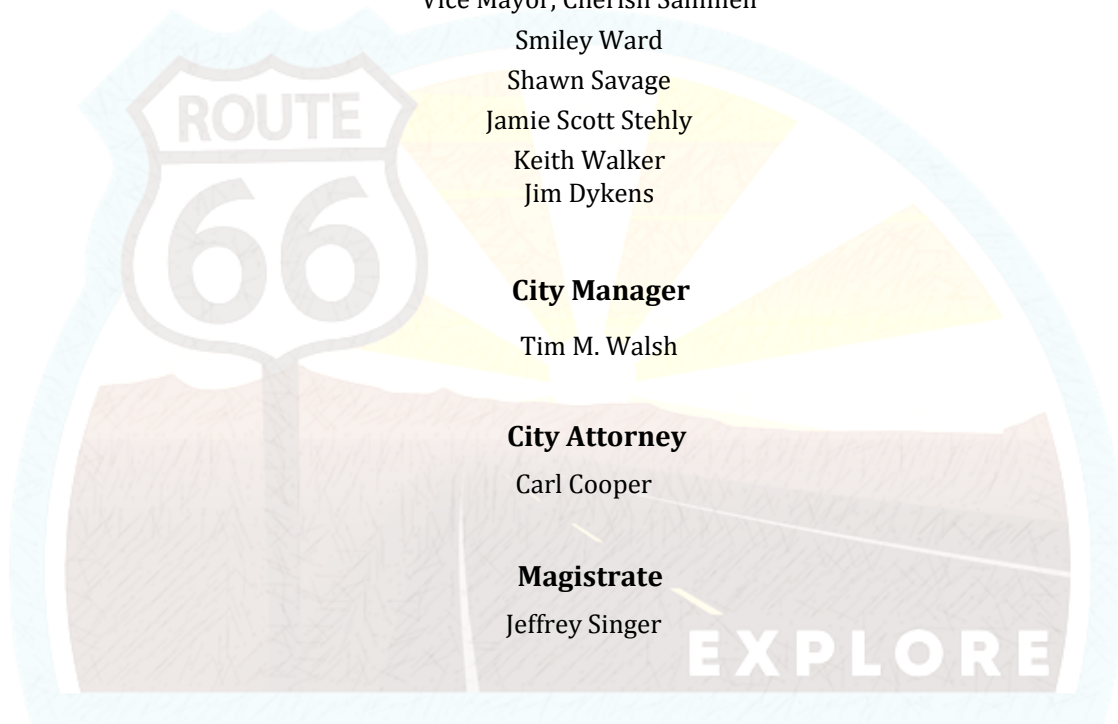
Tim M. Walsh

City Attorney

Carl Cooper

Magistrate

Jeffrey Singer



Departments:

KINGMAN

City Clerk	Annie Meredith
Engineering Services	Vacant
Financial Services	Tina D. Moline
Fire Services	Jack Yeager
Human Resources & Risk Management	Krista Toschlog
Information Technology	Gerry Delgado
Parks & Recreation	Mike Meersman
Economic Development	Bennett Bratley
Police Services	Rusty Cooper
Public Works	Rob Owen



Financial Section



Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Kingman, Arizona
Kingman, Arizona

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kingman, Arizona (City), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 as of June 30, 2025 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, pension, and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management, and 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.

Supplementary 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 combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The

Honorable Mayor and Members of the City Council
City of Kingman, Arizona

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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Forvis Mazars, LLP

**Dallas, Texas
November 21, 2025**



Financial Section
Management's Discussion and Analysis



City of Kingman, Arizona

Management's Discussion and Analysis

June 30, 2025

As management of the City of Kingman, Arizona (the City), we offer readers of the City's financial statements a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2025.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and in the financial statements and notes to the financial statements (which immediately follow this discussion).

Financial Highlights

- The City's total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources at the close of fiscal year 2025 by \$380.1 million (net position). Of this amount, net investment of capital assets was \$272.8 million; restricted net position was \$37.5 million and \$69.8 million represents unrestricted net position.
- The City's total net position increased in fiscal year 2025 by \$20.3 million, or 5.6%.
- At the end of fiscal year 2025, the City's governmental funds reported combined fund balances of \$78.6 million, an increase of \$11.2 million in comparison to the prior fiscal year. Approximately 37.4% of this amount, or \$29.4 million, is available for spending at the City's discretion. This amount is defined as unassigned fund balance. At the end of fiscal year 2025, unassigned fund balance for the General Fund is \$29.5 million or 77% of total general fund expenditures.
- General revenues from governmental activities accounted for \$53.6 million in revenue or 80% of all revenues, excluding transfers, from governmental activities. Program specific revenues in the form of charges for services, grants and contributions accounted for \$13.2 million or 20% of total governmental activities revenues. The City had \$33.4 million in program revenues and \$3.0 million in general revenues related to business-type activities.
- The City had \$51.9 million in expenses related to governmental activities; of which \$13.2 million of these expenses were offset by program specific charges, grants or contributions. General revenues of \$53.6 million provided for the remaining costs of these programs. The City had \$30.9 million in expenses related to business-type activities. Charges for services of \$33.4 million were adequate to offset the costs.

Overview of the Financial Statements

This annual report consists of four parts, management's discussion and analysis (this portion); the basic financial statements; required supplementary information; and supplementary information including combining statements for nonmajor governmental funds, and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The government-wide financial statements provide both long-term and short-term information about the City's overall financial status.
- Fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
- Governmental fund statements tell how general government services such as public safety, streets, and parks and recreation were financed in the short-term as well as what remains for future spending.
- Proprietary fund statements offer short-term and long-term financial information about the activities the City operates like businesses, such as water, wastewater, solid waste, stormwater and airport services.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

City of Kingman, Arizona

Management's Discussion and Analysis

June 30, 2025

Government-Wide Financial Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The 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, the revenues and expenses reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements of the City are presented in the following categories:

- *Governmental activities* - Most of the City's basic services are included here such as public safety, streets, parks and recreation, economic development, and general administration. Taxes and intergovernmental revenues finance most of these activities.
- *Business-type activities* - The City provides certain services that are financed through user fees and charges. These services include water, wastewater, solid waste, stormwater, and airport.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide more detailed information about the City's major funds, not the City as a whole.

The City has two categories of funds:

Governmental Funds - Most of the City's basic services are included in governmental funds, which focus on (1) short-term inflows and outflows of spendable resources, and (2) the remaining year-end balances available for spending. Because this information does not encompass the additional long-term focus of the government-wide statements, reconciliation that explains the relationship (or difference) between governmental funds and governmental activities follow each of the governmental fund statements.

Proprietary Funds - Services for which the City charges users a fee generally are reported in proprietary funds. Proprietary fund financial statements, like the government-wide statements, provide both short-term and long-term financial information.

- Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.
- Internal service funds report activities that provide services for the City's other programs and activities, such as the City's fleet services, dispatch center, building maintenance, information technology, insurance services and employee benefits.

In addition to the basic financial statements, notes and certain required supplementary information concerning the City's budget process and information about the City's retirement and other post-employment benefit plans are presented. Notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

City of Kingman, Arizona
Management's Discussion and Analysis
June 30, 2025

Financial Analysis of the Government-Wide Statements

The government-wide financial statements provide short-term and long-term information about the City's overall financial condition. Net position over time serves as a useful indicator of financial position. The City's assets and deferred outflows exceeded liabilities by \$380.1 million at the close of fiscal year 2025.

Net position of the City represents the difference between the City's resources and its obligations. As of June 30 2025, the largest portion of the City's total net position (approximately 72%) reflects the investment in capital assets, (e.g., land, buildings, machinery, equipment, vehicles and infrastructure) less related debt outstanding used to acquire capital assets. These capital assets are used by the City to provide services to its citizens. As such, these assets are not available for future spending.

The City's restricted net position \$37.5 million represents amounts that are to be used in accordance with external restrictions. The remaining balance of \$69.8 million is unrestricted.

City of Kingman, Arizona						
Condensed Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 91,629,931	\$ 84,178,125	\$ 86,735,624	\$ 76,551,672	\$ 178,365,555	\$ 160,729,797
Capital assets	<u>138,526,391</u>	<u>128,565,577</u>	<u>161,446,623</u>	<u>161,063,896</u>	<u>299,973,014</u>	<u>289,629,473</u>
Total assets	<u>230,156,322</u>	<u>212,743,702</u>	<u>248,182,247</u>	<u>237,615,568</u>	<u>478,338,569</u>	<u>450,359,270</u>
Deferred outflows of resources	<u>9,651,408</u>	<u>7,878,266</u>	<u>1,588,825</u>	<u>905,961</u>	<u>11,240,233</u>	<u>8,784,227</u>
Long-term liabilities outstanding	58,739,167	54,440,561	30,603,941	25,258,562	89,343,108	79,699,123
Other liabilities	<u>4,544,654</u>	<u>7,812,867</u>	<u>9,305,317</u>	<u>6,915,365</u>	<u>13,849,971</u>	<u>14,728,232</u>
Total liabilities	<u>63,283,821</u>	<u>62,253,428</u>	<u>39,909,258</u>	<u>32,173,927</u>	<u>103,193,079</u>	<u>94,427,355</u>
Deferred inflows of resources	<u>3,663,750</u>	<u>2,908,921</u>	<u>2,579,226</u>	<u>1,976,371</u>	<u>6,242,976</u>	<u>4,885,292</u>
Net position:						
Net investment in capital assets	133,257,258	121,270,597	139,565,027	139,217,383	272,822,285	260,487,980
Restricted	37,227,705	30,372,465	266,225	216,475	37,493,930	30,588,940
Unrestricted	<u>2,375,196</u>	<u>3,816,557</u>	<u>67,451,336</u>	<u>64,937,373</u>	<u>69,826,532</u>	<u>68,753,930</u>
Total net position	<u>\$ 172,860,159</u>	<u>\$ 155,459,619</u>	<u>\$ 207,282,588</u>	<u>\$ 204,371,231</u>	<u>\$ 380,142,747</u>	<u>\$ 359,830,850</u>

The City's overall net position increased \$20.3 million from the prior fiscal year. The following sections will discuss the reasons for the increase.

Governmental Activities

The City's net position for governmental activities increased \$17.4 million from the prior fiscal year to an ending balance of \$172.9 million.

The increase of the overall net position of governmental activities is primarily related to the City's stable, growing economy along with cost savings on expenditures which were \$5.9 million less than prior year. Retail and restaurant transaction privilege tax (TPT) collections continued to surpass the prior year's collections by \$1.93 million.

City of Kingman, Arizona
Management's Discussion and Analysis
June 30, 2025

Business-Type Activities

The City's business-type activities for fiscal year 2025 show that the overall net position increased to an ending balance of \$207.3 million. The total increase in net position for business-type activities was \$2.9 million or 1.4% from the prior fiscal year.

Revenue from business-type activities totaled \$36.4 million compared to \$36.2 million in fiscal year 2024. This is an increase of 0.62% or \$0.2 million from the prior fiscal year and is primarily related to an increase in charges for services due to across the board rate increases for the City's Water utility fund offset by decreases in capital grants and contributions and investment earnings. Expenses increased by 3.6 million which is mostly attributable to increased utilities, personnel, and supplies costs.

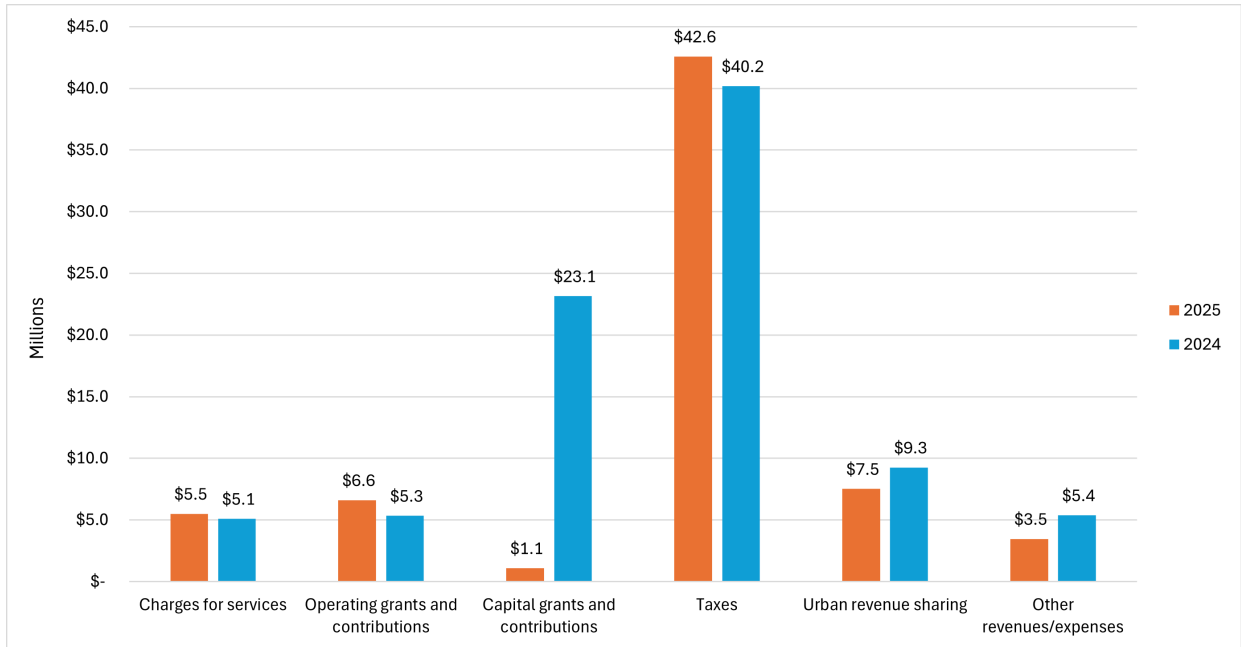
	City of Kingman Change in Net Position					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	\$ 5,502,327	\$ 5,093,726	\$ 32,841,597	\$ 30,754,335	\$ 38,343,924	\$ 35,848,061
Operating grants and contributions	6,608,838	5,334,891	390,163	151,433	6,999,001	5,486,324
Capital grants and contributions	1,090,652	23,147,829	168,277	393,300	1,258,929	23,541,129
General revenues:						
Taxes	42,588,466	40,182,520	-	-	42,588,466	40,182,520
Urban revenue sharing	7,516,529	9,252,974	-	-	7,516,529	9,252,974
Other revenue (expense)	3,462,488	5,380,916	2,996,109	4,872,032	6,458,597	10,252,948
Total revenues	66,769,300	88,392,856	36,396,146	36,171,100	103,165,446	124,563,956
Expenses						
General government	9,275,220	9,149,160	-	-	9,275,220	9,149,160
Public safety	24,407,606	20,703,679	-	-	24,407,606	20,703,679
Public works/streets	9,625,770	18,544,517	-	-	9,625,770	18,544,517
Economic development	2,020,645	2,309,902	-	-	2,020,645	2,309,902
Culture and recreation	5,700,876	6,301,447	-	-	5,700,876	6,301,447
Interest on long-term debt	890,494	821,045	-	-	890,494	821,045
Water	-	-	14,617,121	13,717,806	14,617,121	13,717,806
Wastewater	-	-	6,950,218	5,795,654	6,950,218	5,795,654
Solid waste	-	-	4,784,960	4,087,565	4,784,960	4,087,565
Stormwater	-	-	341,415	142,478	341,415	142,478
Airport	-	-	4,239,224	3,549,862	4,239,224	3,549,862
Total expenses	51,920,611	57,829,750	30,932,938	27,293,365	82,853,549	85,123,115
Increase (decrease) in net position before transfers	14,848,689	30,563,106	5,463,208	8,877,735	20,311,897	39,440,841
Transfers	2,551,851	2,201,525	(2,551,851)	(2,201,525)	-	-
Increase (decrease) in net position	17,400,540	32,764,631	2,911,357	6,676,210	20,311,897	39,440,841
Net Position, Beginning	155,459,619	122,694,988	204,371,231	197,695,021	359,830,850	320,390,009
Net Position, Ending	\$ 172,860,159	\$ 155,459,619	\$ 207,282,588	\$ 204,371,231	\$ 380,142,747	\$ 359,830,850

City of Kingman, Arizona

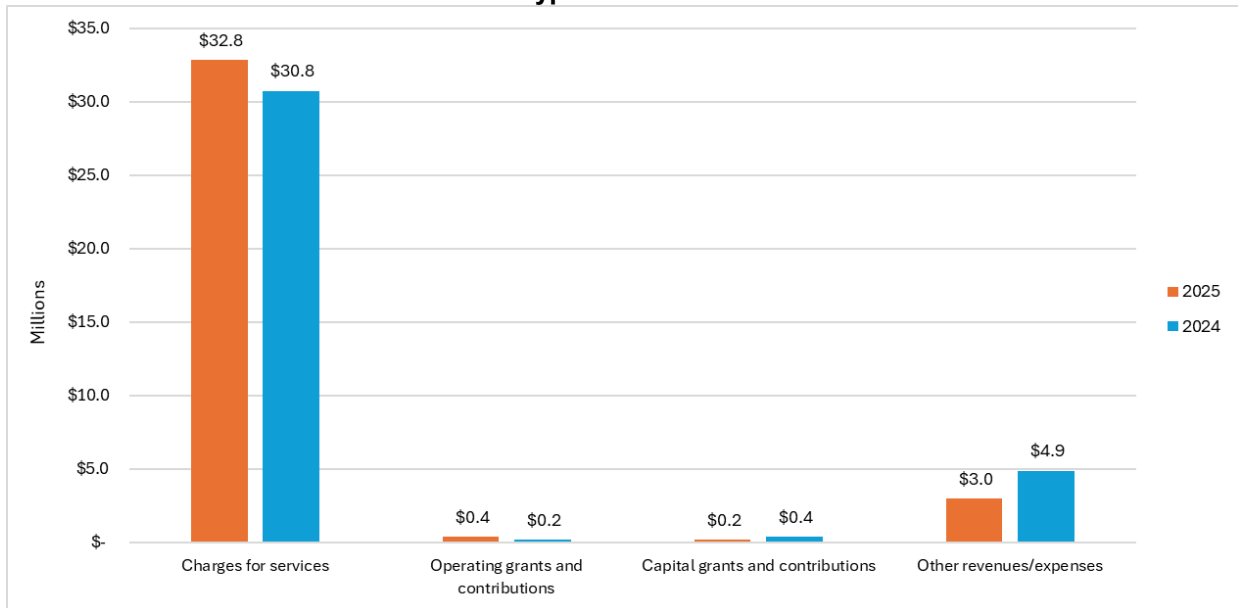
Management's Discussion and Analysis

June 30, 2025

Governmental Activities Revenues



Business-Type Activities Revenue

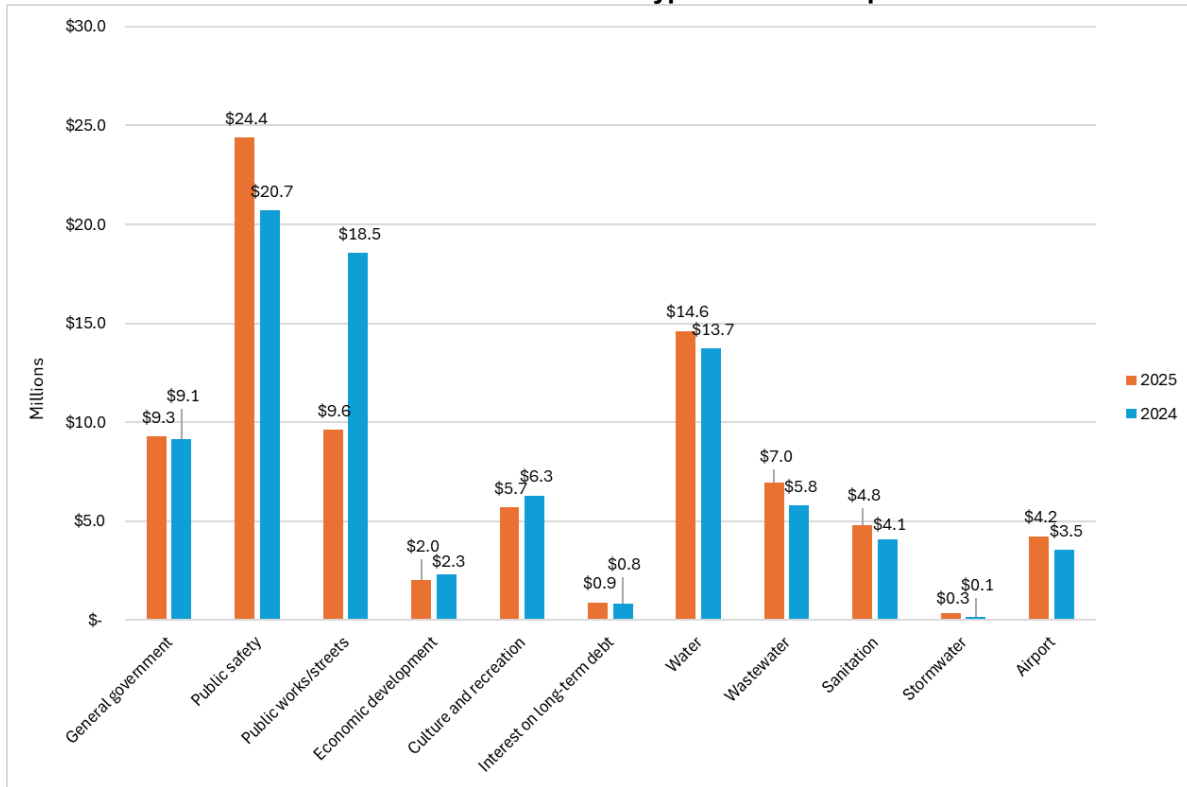


City of Kingman, Arizona

Management's Discussion and Analysis

June 30, 2025

Governmental and Business-Type Activities Expenses



Financial Analysis of the Fund Statements

The City uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government while reporting the City operations in more detail than the government-wide statements. The City's governmental funds provide information on near-term inflows, outflows, and balances of spendable resources.

Governmental Funds

The City's governmental funds reported combined fund balances as of June 30, 2025 of \$78.6 million, which is an increase of \$11.2 million compared to the previous fiscal year. Approximately 37% (\$29.4 million) of this amount constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either 1) not in spendable form (\$272,275), or 2) restricted, committed or assigned for a particular purpose (\$48.9 million).

The General Fund is the chief operating fund of the City. At the end of the fiscal year unassigned fund balance of the General Fund was \$29.5 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents approximately 77% of the total General Fund expenditures, while total fund balance represents approximately 111% of the same amount.

City of Kingman, Arizona

Management's Discussion and Analysis

June 30, 2025

The fund balance of the City's General Fund increased by \$4.6 million during the 2025 fiscal year. Key factors for the increase are:

- Total expenditures increased by \$2.9 million. This was mostly due to increase in salaries to remain competitive in the labor market as a result of the increasing employment cost index.
- Total revenues remained relatively consistent with prior year, increasing by \$0.5 million.
- Considering other financing sources and uses, the net result was a negative impact to the General Fund of \$10.7 million. This is mostly attributable to transfers out of \$15.5 million, which decreased by \$7.8 million from fiscal year 2024. See *Note 5* for additional information on interfund transfers.

The fund balances of the City's other governmental funds increased by \$6.5 million during the 2025 fiscal year. Broken down further, the Highway User Revenue Fund (HURF) experienced an increase of \$143,609 in fund balance; the other Special Revenue Funds experienced an increase of \$437,470 in fund balance; the Debt Service Funds experienced a decrease of \$1,049,211; and the Capital Projects Funds experienced an increase of \$7.0 million in fund balance.

- The HURF's fund balance increased due to net transfers of \$1.1 million, offset by a decrease in total expenditures compared to fiscal year 2024 by \$8.8 million. The decrease in expenditures is related to repairs and maintenance projects that occurred in fiscal year 2024, that did not repeat in fiscal year 2025.
- The Capital Projects Fund's fund balance increase was due to 1) issuance of Excise Tax Revenue Obligations, Series 2025 in the amount of \$3.1 million, 2) decreased capital outlay from fiscal year 2024 of \$8.6 million due to completion of several streetscape and street improvement projects.
- The I-11 East Kingman Connection Fund's fund balance decrease was primarily due to 1) decreased intergovernmental revenue for the Rancho Santa Fe Parkway Interchange, 2) a decrease investment earnings from fiscal year in the amount of \$1.2 million, 3) additional capital expenditures, that were partially offset by transfers in.

Proprietary Funds

The total net position of the proprietary funds increased \$2.9 million or 1.4% in fiscal year 2025.

The Water Fund net position increased by \$0.3 million. Total revenues collected were \$14.7 million which was an increase of \$3.3 million from the prior fiscal year. This is mostly due in an increase in water rates and an increase in billed consumption in fiscal year 2025 of 26% compared with fiscal year 2024. Expenditures and net transfers totaled \$14.7 million which was \$1.2 million higher due to increased costs in salaries, utilities, contractual, and repair and maintenance costs.

The Wastewater Fund increased \$5.4 million or 8%. Total revenues collected were \$13.5 million which was an increase of \$0.5 million over the prior fiscal year. The increase in revenues can be attributed primarily to an increase in new system connections and water consumption. Expenditures and net transfers totaled \$7.3 million which was in line with the prior fiscal year.

The Solid Waste Fund's total net position decreased by \$378,705. Total revenues collected were \$4.9 million and were \$148,942 higher than the prior fiscal year due to an increase in the number of customers.. Expenditures and net transfers totaled \$5.3 million which was an increase of \$589,531 over the prior fiscal year. This was primarily due to increased supply costs and the replacement of aging fleet.

City of Kingman, Arizona

Management's Discussion and Analysis

June 30, 2025

The total net position for the Stormwater Fund decreased by \$0.3 million.

The Airport Fund's total net position decreased by \$2.1 million. Total revenues collected were \$2.7 million and were \$1.9 million under the prior fiscal year. The decrease in revenues was primarily attributable to decreased interest income of \$1.4 million. This is a result of the liquidation of high interest yielding cash equivalents balances to fund the Dross Site Improvement project and consequently cash and cash equivalents balances were earning less interest during the fiscal year 2025. Expenditures remained relatively consistent with prior fiscal year, with the exception of a decrease in administration services which were offset with an increase in depreciation/amortization expense.

Budgetary Highlights

Original Budget Compared to Final Budget

During the year there was no need for significant budget amendments to increase original budgeted appropriations.

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 nearly \$3.7 million in revenues was the result of (1) \$2.0 million higher sales tax revenues, (2) \$0.5 million higher in state shared revenue distributions, (3) \$0.7 million more in investment earnings, (4) \$0.1 million more in charges for services (building permits and parks/recreation fees), (5) \$0.1 million more in donation and miscellaneous revenues, and (6) \$1.0 million in unspent contingency funds.

- The favorable variance of nearly \$1.2 million in general government was the result of vacancy savings in personnel costs.

The favorable variance of \$1.7 million in public safety was due primarily to (1) vacancy savings recognized in the form of personnel costs and (2) savings in training costs.

- The favorable variance of \$0.2 million in culture and recreation was a result of vacancy savings in personnel costs and savings in service costs.
- The favorable variance of \$0.1 million in economic development was the result of less than anticipated spending on Kingman Visitor Center resale merchandise, along with savings in consulting and advertising costs.
- The favorable variance of \$0.7 million in debt service was due to savings from vehicle leases that were not entered into due to backlogs experienced at vehicle outfitting vendors.

Overall budget savings were \$3.9 million for the General Fund.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2025, the City had capital assets of \$300.0 million, net of accumulated depreciation, which included buildings, facilities, vehicles, computers, equipment and infrastructure assets. Total depreciation and amortization expense for the year was \$11.9 million.

City of Kingman, Arizona
Management's Discussion and Analysis
June 30, 2025

Major capital asset activity during the current fiscal year included the following:

- The Rancho Santa Fe Parkway Traffic Interchange project, which is currently under construction, added \$5.4 million to the City's capital assets.
- The Eastern Street Improvement Project was under construction with \$1.5 million added to the City's capital assets and was completed during the fiscal year.
- The Fire Station Remodel and Lewis Kingman Park Improvement projects were under construction with \$0.7 million and \$0.7 million, respectively, added to the City's capital assets.
- The purchase and upfitting of an ambulance truck for the fire department totaling \$0.3 million and the purchase of a Transit bus for \$0.2 million.
- The Santa Rosa Transmission Line project was under construction with \$2.6 million added to the City's capital assets.
- The Dross Site Remediation Project added \$1.7 million to the City's capital assets and was completed during the fiscal year.
- The purchase of a 2025 Peterbilt Refuse Trucks and Vacuum Excavator which added \$0.6 million to the City's total capital assets.

The following schedule presents capital asset balances and accumulated depreciation for the fiscal years ended June 30, 2025 and June 30, 2024.

City of Kingman, Arizona						
Capital Assets						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Land	\$ 9,920,283	\$ 9,916,693	\$ 3,875,020	\$ 3,875,020	\$ 13,795,303	\$ 13,791,713
Art	10,000	10,000	-	-	10,000	10,000
Construction in progress	60,043,519	65,528,441	9,998,246	62,188,135	70,041,765	127,716,576
Infrastructure	82,888,666	76,405,160	176,270,056	173,555,139	259,158,722	249,960,299
Buildings	14,259,921	14,546,726	5,509,468	5,509,468	19,769,389	20,056,194
Improvements other than buildings	19,750,592	10,620,735	58,271,052	5,827,700	78,021,644	16,448,435
Vehicles, machinery and equipment	31,243,464	28,749,913	20,906,978	18,092,654	52,150,442	46,842,567
Subscription assets	816,365	816,365	-	-	816,365	816,365
Lease assets	2,459,476	1,876,686	1,377,708	1,377,708	3,837,184	3,254,394
Accumulated depreciation/amortization	(82,865,895)	(79,905,142)	(114,761,905)	(109,361,431)	(197,627,800)	(189,266,573)
Total	\$ 138,526,391	\$ 128,565,577	\$ 161,446,623	\$ 161,064,393	\$ 299,973,014	\$ 289,629,970

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

Long-Term Debt

As of June 30, 2025, the City had \$37.8 million in governmental long-term debt outstanding with \$3.1 million due within one year. The City had \$23.3 million in business-type long-term debt outstanding, \$4.2 million due within one year.

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Bonds payable	\$ 33,677,573	\$ 32,915,000	\$ 7,290,028	\$ -	\$ 40,967,601	\$ 32,915,000
Lease liability	1,444,740	1,177,536	599,203	776,864	2,043,943	1,954,400
Loan payable	2,256,545	1,816,003	15,391,003	16,939,102	17,647,548	18,755,105
Subscription liability	396,444	554,735	-	-	396,444	554,735
Total	\$ 37,775,302	\$ 36,463,274	\$ 23,280,234	\$ 17,715,966	\$ 61,055,536	\$ 54,179,240

City of Kingman, Arizona

Management's Discussion and Analysis

June 30, 2025

State statutes currently limit the amount of general obligation debt a city may issue to 20% of its total assessed valuation for water, sewer, lights, open space preserves parks, playgrounds and recreational facilities. State statutes also currently limit the amount of general obligation debt a city may issue to 6% of its total assessed valuation for all other purposes. The City has no outstanding general obligation debt. Additional information on the City's debt can be found in *Note 7*.

Economic Factors and Next Year's Budget and Rates

While labor markets remain robust and inflation eased from the prior year, the implementation of new tariffs by the federal government results in uncertainty about the economic outlook, along with increased speculation regarding a possible recession in fiscal year 2025-2026.

- A conservative approach was taken in the estimation of city sales tax revenues which included a modest growth rate projected to the 1.1% in fiscal year 2025-2026.
- State projected changes for state shared revenues include an increase of 6.26% to Vehicle License Tax, 5.4% increase to Highway User Revenues, 2.0% increase for State Sales Tax, and a decrease of 6.46% for Urban Revenue Sharing. The City is projecting a decrease to its state shared revenues by 1.7% or \$19.4 million in fiscal year 2026.
- With several residential developments expected in the next year, new single family building permits are expected to increase by 7.5%. Commercial building activity is expected to stay through fiscal year 2026 as several plan reviews are already in the queue.
- Street repairs, maintenance and improvements continue to be a major challenge and focus. With the Council adoption of a 7-year funding solution in fiscal year 2024, utilizing General Fund sales tax and state shared revenues, a solution for this will be in effect through fiscal year 2030 providing sufficient time to develop a permanent funding source.
- The Council considered rate increases for both the water system and solid waste services in late fiscal year 2025. With anticipation of the rate increases, an 8.8% increase to the Water Operating fund, 21.9% increase to the Water Capital Renewal fund, and 8.2% increase to solid waste revenues will be included in the next year budget.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Kingman, 310 North 4th Street, Kingman, Arizona, 86401.

Financial Section

Basic Financial Statements

Government-Wide Financial Statements - include the Statement of Net Position and Statement of Activities and use the accrual basis of accounting for financial reporting.

Governmental Funds Financial Statements - include the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance for the governmental funds that use the modified accrual basis of reporting. Also includes the reconciliations to the government-wide financial statements.

Proprietary Funds Financial Statements - include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows for the business-type activities that use the accrual basis of accounting for financial reporting.

Notes to the Financial Statements



City of Kingman, Arizona
Statement of Net Position
June 30, 2025

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Cash and cash equivalents	\$ 83,933,538	\$ 76,658,317	\$ 160,591,855
Land held for sale	-	2,689,120	2,689,120
Receivables (net of allowances)	5,503,525	3,625,748	9,129,273
Lease receivables	680,772	2,211,204	2,891,976
Prepaid items	71,013	3,859	74,872
Deposits	10,000	23,697	33,697
Inventory	207,688	506,979	714,667
Restricted cash and cash equivalents	-	750,475	750,475
Net OPEB asset	1,223,395	266,225	1,489,620
Capital assets:			
Nondepreciable/amortized	69,973,802	13,873,266	83,847,068
Depreciable/amortized (net)	68,552,589	147,573,357	216,125,946
Total assets	<u>230,156,322</u>	<u>248,182,247</u>	<u>478,338,569</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions and OPEB	9,651,408	1,588,825	11,240,233
Total deferred outflows of resources	<u>9,651,408</u>	<u>1,588,825</u>	<u>11,240,233</u>
Total assets and deferred outflows of resources	<u>\$ 239,807,730</u>	<u>\$ 249,771,072</u>	<u>\$ 489,578,802</u>
Liabilities			
Accounts payable	\$ 2,576,807	\$ 6,219,386	\$ 8,796,193
Accrued payroll and related liabilities	1,348,903	352,479	1,701,382
Accrued liabilities	9,938	-	9,938
Customer deposits	72,355	750,475	822,830
Unearned revenues	536,651	1,982,977	2,519,628
Long-term liabilities:			
Due within one year:			
Compensated absences	1,169,369	269,236	1,438,605
Subscription liability	113,088	-	113,088
Leases payable	321,708	235,765	557,473
Loans payable	555,307	3,649,245	4,204,552
Bonds payable	2,095,000	325,000	2,420,000
Total OPEB liability	143,820	-	143,820
Due in more than one year:			
Compensated absences	591,171	152,190	743,361
Subscription liability	283,356	-	283,356
Leases payable	1,123,032	363,438	1,486,470
Loans payable	1,701,238	11,741,758	13,442,996
Bonds payable	31,582,573	6,965,028	38,547,601
Net pension/OPEB liability	16,150,475	6,902,281	23,052,756
Total OPEB liability	2,909,030	-	2,909,030
Total liabilities	<u>63,283,821</u>	<u>39,909,258</u>	<u>103,193,079</u>
Deferred Inflows of Resources			
Deferred inflows related to leases	571,091	2,041,893	2,612,984
Deferred inflows related to pensions and OPEB	3,092,659	537,333	3,629,992
Total deferred inflows of resources	<u>3,663,750</u>	<u>2,579,226</u>	<u>6,242,976</u>
Net Position			
Net investment in capital assets	133,257,258	139,565,027	272,822,285
Restricted for:			
Highways and streets	13,470,979	-	13,470,979
Capital projects	20,997,213	-	20,997,213
Public safety and courts	968,219	-	968,219
Post-employment benefits	1,223,395	266,225	1,489,620
Grants	567,899	-	567,899
Unrestricted	2,375,196	67,451,336	69,826,532
Total net position	<u>172,860,159</u>	<u>207,282,588</u>	<u>380,142,747</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 239,807,730</u>	<u>\$ 249,771,072</u>	<u>\$ 489,578,802</u>



City of Kingman, Arizona
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 9,275,220	\$ 1,354,060	\$ 787,404	\$ -	\$ (7,133,756)	\$ -	\$ (7,133,756)
Public safety	24,407,606	1,092,912	453,797	57,352	(22,803,545)	-	(22,803,545)
Public works/streets	9,625,770	596,533	5,360,432	276,947	(3,391,858)	-	(3,391,858)
Economic development	2,020,645	527,166	-	306,131	(1,187,348)	-	(1,187,348)
Culture and recreation	5,700,876	1,931,656	7,205	450,222	(3,311,793)	-	(3,311,793)
Interest	890,494	-	-	-	(890,494)	-	(890,494)
Total governmental activities	<u>51,920,611</u>	<u>5,502,327</u>	<u>6,608,838</u>	<u>1,090,652</u>	<u>(38,718,794)</u>	<u>-</u>	<u>(38,718,794)</u>
Business-type activities:							
Water	14,617,121	13,979,906	313,864	-	-	(323,351)	(323,351)
Wastewater	6,950,218	12,211,012	-	-	-	5,260,794	5,260,794
Solid waste	4,784,960	4,722,429	-	-	-	(62,531)	(62,531)
Stormwater	341,415	111,145	-	-	-	(230,270)	(230,270)
Airport	4,239,224	1,817,105	76,299	168,277	-	(2,177,543)	(2,177,543)
Total business-type activities	<u>30,932,938</u>	<u>32,841,597</u>	<u>390,163</u>	<u>168,277</u>	<u>-</u>	<u>2,467,099</u>	<u>2,467,099</u>
Total primary government	<u>\$ 82,853,549</u>	<u>\$ 38,343,924</u>	<u>\$ 6,999,001</u>	<u>\$ 1,258,929</u>	<u>(38,718,794)</u>	<u>2,467,099</u>	<u>(36,251,695)</u>
General Revenues							
Taxes:							
City sales tax					32,888,824	-	32,888,824
Franchise tax					1,178,083	-	1,178,083
Intergovernmental:							
Auto lieu tax (unrestricted)					3,101,185	-	3,101,185
State shared sales taxes (unrestricted)					5,420,374	-	5,420,374
Urban revenue sharing (unrestricted)					7,516,529	-	7,516,529
Unrestricted investment earnings					3,057,905	2,905,858	5,963,763
Gain on sale of capital assets					24,247	44,537	68,784
Miscellaneous					380,336	45,714	426,050
Transfers					2,551,851	(2,551,851)	-
Total general revenues and transfers					<u>56,119,334</u>	<u>444,258</u>	<u>56,563,592</u>
Change in net position					17,400,540	2,911,357	20,311,897
Net Position, Beginning of Year					155,459,619	204,371,231	359,830,850
Net Position, End of Year					<u>\$ 172,860,159</u>	<u>\$ 207,282,588</u>	<u>\$ 380,142,747</u>

See Notes to the Financial Statements



Financial Statements

Governmental Funds Financial Statements

Major Funds

General Fund - This fund is the City's operating fund. It accounts for all financial resources of the City, except those required to be accounted for in other funds.

HURF Fund - This fund accounts for the City's share of Arizona's highway user tax revenues and associated expenditures legally restricted for road construction and maintenance.

Capital Projects Fund - This fund is used to account for maintenance and operations of the City's parks and other municipal facilities.

I-11 East Kingman Connection Fund - This fund is used to account for the Rancho Santa Fe Parkway Traffic Interchange and Kingman Crossing Boulevard Traffic Interchange.

Nonmajor Governmental Funds - The nonmajor governmental funds consist of special revenue, debt service and capital project funds, whose balances do not meet the criteria to be reported as a major fund.



City of Kingman, Arizona
Balance Sheet
Governmental Funds
June 30, 2025

	General	HURF	Capital Projects	I-11 East Kingman Connection	Nonmajor Governmental	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 40,398,678	\$ 14,152,299	\$ 17,097,139	\$ 1,083,190	\$ 4,723,393	\$ 77,454,699
Receivables, net of allowances for uncollectibles:						
Taxes receivable	3,593,727	490,078	78,724	64	-	4,162,593
Other receivable	287,319	1,597	-	-	839,332	1,128,248
Leases receivable	680,772	-	-	-	-	680,772
Due from other funds	162,325	-	-	-	-	162,325
Inventory	207,688	-	-	-	-	207,688
Prepaid items	56,758	2,379	2,300	-	3,150	64,587
Total assets	\$ 45,387,267	\$ 14,646,353	\$ 17,178,163	\$ 1,083,254	\$ 5,565,875	\$ 83,860,912
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts payable	\$ 966,737	\$ 568,258	\$ 609,786	\$ 10,824	\$ 33,230	\$ 2,188,835
Accrued payroll and related liabilities	1,076,971	81,040	-	-	33,887	1,191,898
Accrued liabilities	9,938	-	-	-	35,808	45,746
Customer deposits	23,375	13,172	-	-	-	36,547
Due to other funds	-	-	-	-	162,325	162,325
Unearned revenue	26,126	510,525	-	-	-	536,651
Total liabilities	2,103,147	1,172,995	609,786	10,824	265,250	4,162,002
Deferred Inflows of Resources						
Unavailable revenue	-	-	-	-	540,822	540,822
Deferred inflows related to leases	571,091	-	-	-	-	571,091
Total deferred inflows of resources	571,091	-	-	-	540,822	1,111,913
Fund Balances						
Nonspendable:						
Inventory and prepaid items	264,446	2,379	2,300	-	3,150	272,275
Restricted:						
Public works/streets	-	13,470,979	-	-	-	13,470,979
Capital projects	-	-	16,566,077	1,072,430	3,358,706	20,997,213
Public safety and courts	-	-	-	-	968,219	968,219
Grants	-	-	-	-	567,899	567,899
Committed:						
Pension contingency reserve	4,627,327	-	-	-	-	4,627,327
Assigned:						
Subsequent year's budget:						
Appropriation of fund balance	8,298,433	-	-	-	-	8,298,433
Unassigned	29,522,823	-	-	-	(138,171)	29,384,652
Total fund balances	42,713,029	13,473,358	16,568,377	1,072,430	4,759,803	78,586,997
Total liabilities, deferred inflows of resources and fund balances	\$ 45,387,267	\$ 14,646,353	\$ 17,178,163	\$ 1,083,254	\$ 5,565,875	\$ 83,860,912

City of Kingman, Arizona
Reconciliation of the Balance Sheet to the
Statement of Net Position - Governmental Funds
June 30, 2025

Fund Balances, Total Governmental Funds	\$	78,586,997
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital, lease, and subscription assets, net used in governmental activities are not financial resources and therefore are not reported in the funds, excluding internal service funds capital, lease, and subscription assets, net of \$2,819,915, which are allocated to governmental activities.		135,706,476
Net OPEB asset is not an available resource and therefore is not reported in the funds, excluding internal service funds net OPEB asset of \$103,531, which is allocated to governmental activities		1,119,864
Long-term liabilities are not due and payable in the current period, and therefore, they are not reported in the funds:		
Leases payable, excluding internal service funds of \$275,526, which are allocated to governmental activities		(1,169,214)
Subscription liability, excluding internal service funds of \$180,736, which are allocated to governmental activities		(215,708)
Loans payable, excluding internal service funds of \$31,277, which are allocated to governmental activities		(2,225,268)
Bonds payable		(33,677,573)
Net pension/OPEB liabilities, excluding internal service funds of \$2,684,220, which are allocated to governmental activities		(13,466,255)
Total OPEB liability		(3,052,850)
Compensated absences, excluding internal service funds of \$157,144, which are allocated to governmental activities		(1,603,396)
Revenues earned but not available within sixty days of fiscal year-end are not recognized as revenue in the governmental funds financial statements.		540,822
Deferred outflows and inflows of resources related to pensions/OPEB are applicable to future reporting periods, and therefore, are not reported in the funds:		
Deferred outflows of resources, excluding internal service funds of \$617,876, which are allocated to governmental activities		9,033,532
Deferred inflows of resources, excluding internal service funds of \$208,963, which are allocated to governmental activities		(2,883,696)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds that are attributable to governmental activities are included in the governmental-wide financial statements.		6,166,428
Total Net Position of Governmental Activities	\$	172,860,159

City of Kingman, Arizona
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General	HURF	Capital Projects	I-11 East Kingman Connection	Nonmajor Governmental	Total Governmental Funds
Revenues						
Taxes	\$ 31,865,635	\$ 1,309,022	\$ 891,625	\$ 625	\$ -	\$ 34,066,907
License permits and fees	955,351	-	-	-	-	955,351
Intergovernmental	16,322,431	3,805,657	1,191,051	-	2,720,241	24,039,380
Charges for services	2,417,028	-	-	-	1,078,825	3,495,853
Fine and forfeitures	371,331	-	-	-	-	371,331
Investment earnings (loss)	1,645,178	538,378	394,551	38,737	187,336	2,804,180
Special assessments	-	-	-	-	93,843	93,843
Other revenues	193,776	34,374	2,000	6,326	219,984	456,460
Total revenues	53,770,730	5,687,431	2,479,227	45,688	4,300,229	66,283,305
Expenditures						
Current:						
General government	7,902,851	-	-	-	250	7,903,101
Public safety	19,664,045	-	-	-	625,766	20,289,811
Culture and recreation	5,426,632	-	-	-	-	5,426,632
Economic development	2,037,392	-	-	-	-	2,037,392
Highway and streets	-	5,772,766	632,908	3,409	1,310,658	7,719,741
Capital outlay	2,683,980	965,542	4,632,251	5,361,376	1,875,560	15,518,709
Debt service:						
Principal	637,536	90,714	-	-	2,490,000	3,218,250
Interest and fiscal charges	121,624	28,456	-	-	655,614	805,694
Bond issuance costs	-	-	84,800	-	-	84,800
Total expenditures	38,474,060	6,857,478	5,349,959	5,364,785	6,957,848	63,004,130
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,296,670	(1,170,047)	(2,870,732)	(5,319,097)	(2,657,619)	3,279,175
Other Financing Sources (Uses)						
Sale of capital assets	92,302	23,494	923,661	-	9,062	1,048,519
Loans issued	655,298	175,617	-	-	-	830,915
Bonds issued	-	-	3,145,000	-	-	3,145,000
Premium on bonds issued	-	-	107,573	-	-	107,573
Leases issued	582,790	-	-	-	-	582,790
Transfers in	3,532,476	2,059,455	5,471,647	5,105,687	3,879,404	20,048,669
Transfers out	(15,522,402)	(944,910)	(362,899)	-	(1,043,745)	(17,873,956)
Total other financing sources (uses)	(10,659,536)	1,313,656	9,284,982	5,105,687	2,844,721	7,889,510
Net Change in Fund Balances	4,637,134	143,609	6,414,250	(213,410)	187,102	11,168,685
Fund Balances, Beginning	38,075,895	13,329,749	10,154,127	1,285,840	4,572,701	67,418,312
Fund Balances, Ending	\$ 42,713,029	\$ 13,473,358	\$ 16,568,377	\$ 1,072,430	\$ 4,759,803	\$ 78,586,997

City of Kingman, Arizona
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year ended June 30, 2025

Net Change in Fund Balances, Total Governmental Funds \$ 11,168,685

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.

Capital asset additions for the current period, excluding \$161,390 of additions allocated from the internal service funds	15,518,709
Depreciation/amortization expense, excluding \$449,200 of depreciation/amortization in the internal service funds	(4,256,603)

The net effect of various transactions involving capital assets (i.e. sales, contributions, and loss on disposals) is to decrease net position.	(1,016,683)
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Change in revenues not considered available in governmental funds.	(129,641)
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Repayment of long-term debt (e.g., bonds, leases) principal is an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position.

Bond principal retirement	2,490,000
Loan principal retirement, excluding amounts paid by internal service funds	383,450
Subscription principal retirement, excluding amounts paid by internal service funds	73,385
Lease principal retirement, excluding amounts paid by internal service funds	271,415

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.

Loans issued	(830,915)
Bonds issued	(3,145,000)
Premium on bonds issued	(107,573)
Leases issued	(582,790)

Pension and OPEB contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net/total pension and OPEB liabilities are measured a year before the City's report date. Pension and OPEB expense, which is the change in net pension and OPEB liability, adjusted for changes in deferred outflows and inflows of resources related to pensions and OPEB, is reported in the Statement of Activities.

Pension/OPEB expense	(1,856,240)
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The net change of compensated absences are reported in the Statement of Activities but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds, excluding amounts paid by internal service funds.

66,948

The net revenues of the internal service funds are reported with governmental activities.

(646,607)

Change in Net Position of Governmental Activities \$ 17,400,540

Financial Statements

Proprietary Funds Financial Statements

Water Fund - This fund is used to account for the activities of the City's water utility operations.

Wastewater Fund - This fund is used to account for the administration, operations and maintenance of the wastewater collection lines and treatment facility.

Solid Waste Fund - This fund is used to account for the activities of the City's solid waste utility services.

Stormwater Fund - This fund is used to assess fees to City residential and commercial properties for the purpose of funding stormwater/drainage system improvements.

Airport Fund - This fund is used to account for the activities of the Kingman Airfield and Industrial Park.

Internal Service Funds - These funds are used to account for services provided to other departments or agencies of the government, or to other governments on a cost-reimbursement basis.



City of Kingman, Arizona
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water Fund	Wastewater Fund	Solid Waste Fund	Stormwater Fund	Airport Fund		
Assets							
Current assets:							
Cash and cash equivalents	\$ 23,074,359	\$ 32,440,024	\$ 2,741,955	\$ 3,271,772	\$ 15,130,207	\$ 76,658,317	\$ 6,478,839
Land held for sale	-	-	-	-	2,689,120	2,689,120	-
Accounts receivable, net	1,738,344	1,118,153	507,166	-	262,085	3,625,748	263,729
Lease receivables	238,821	-	-	136,637	1,835,746	2,211,204	-
Inventory	499,714	7,265	-	-	-	506,979	-
Due from other funds	-	1,000,000	-	-	-	1,000,000	-
Prepaid items	780	1,529	890	-	660	3,859	6,426
Deposits	23,697	-	-	-	-	23,697	-
Total current assets	<u>25,575,715</u>	<u>34,566,971</u>	<u>3,250,011</u>	<u>3,408,409</u>	<u>19,917,818</u>	<u>86,718,924</u>	<u>6,748,994</u>
Noncurrent assets:							
Restricted cash and cash equivalents	711,549	-	-	500	38,426	750,475	-
Net OPEB asset	155,298	44,371	51,766	-	14,790	266,225	103,531
Capital assets:							
Capital assets, not being depreciated/amortized	6,715,644	4,013,793	623,296	1,427,108	1,093,425	13,873,266	591,923
Capital assets, being depreciated/amortized, net	29,478,245	50,629,913	4,985,012	3,966,476	58,513,711	147,573,357	2,227,992
Total noncurrent assets	<u>37,060,736</u>	<u>54,688,077</u>	<u>5,660,074</u>	<u>5,394,084</u>	<u>59,660,352</u>	<u>162,463,323</u>	<u>2,923,446</u>
Total assets	<u>62,636,451</u>	<u>89,255,048</u>	<u>8,910,085</u>	<u>8,802,493</u>	<u>79,578,170</u>	<u>249,182,247</u>	<u>9,672,440</u>
Deferred Outflows of Resources							
Deferred outflows related to pensions/OPEB	926,815	264,804	308,938	-	88,268	1,588,825	617,876
Total deferred outflows of resources	<u>926,815</u>	<u>264,804</u>	<u>308,938</u>	<u>-</u>	<u>88,268</u>	<u>1,588,825</u>	<u>617,876</u>

See Notes to the Financial Statements

City of Kingman, Arizona
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water Fund	Wastewater Fund	Solid Waste Fund	Stormwater Fund	Airport Fund		
Liabilities							
Current liabilities:							
Accounts payable	\$ 2,005,679	\$ 226,692	\$ 95,545	\$ 4,464	\$ 3,887,006	\$ 6,219,386	\$ 387,972
Accrued payroll and related liabilities	175,632	92,883	57,422	-	26,542	352,479	198,050
Due to other funds	1,000,000	-	-	-	-	1,000,000	-
Customer deposits	711,549	-	-	500	38,426	750,475	-
Unearned revenue	-	-	-	1,895,633	87,344	1,982,977	-
Compensated absences	175,233	49,765	44,238	-	-	269,236	119,200
Subscription liability	-	-	-	-	-	-	54,769
Leases payable	154,035	59,372	7,224	-	15,134	235,765	43,103
Loans payable	40,651	2,896,472	712,122	-	-	3,649,245	7,264
Bonds payable	325,000	-	-	-	-	325,000	-
Total current liabilities	<u>4,587,779</u>	<u>3,325,184</u>	<u>916,551</u>	<u>1,900,597</u>	<u>4,054,452</u>	<u>14,784,563</u>	<u>810,358</u>
Noncurrent liabilities:							
Compensated absences	44,671	35,306	35,550	-	36,663	152,190	37,944
Subscription liability	-	-	-	-	-	-	125,967
Leases payable	139,953	142,318	45,715	-	35,452	363,438	232,423
Loans payable	182,307	8,166,329	3,393,122	-	-	11,741,758	24,013
Bonds payable, net	6,965,028	-	-	-	-	6,965,028	-
Net pension/OPEB liability	4,026,331	1,150,380	1,342,110	-	383,460	6,902,281	2,684,220
Total noncurrent liabilities	<u>11,358,290</u>	<u>9,494,333</u>	<u>4,816,497</u>	<u>-</u>	<u>455,575</u>	<u>26,124,695</u>	<u>3,104,567</u>
Total liabilities	<u>15,946,069</u>	<u>12,819,517</u>	<u>5,733,048</u>	<u>1,900,597</u>	<u>4,510,027</u>	<u>40,909,258</u>	<u>3,914,925</u>
Deferred Inflows of Resources							
Deferred inflows related to pensions/OPEB	313,445	89,555	104,481	-	29,852	537,333	208,963
Deferred inflows related to leases	227,020	-	-	108,890	1,705,983	2,041,893	-
Total deferred inflows of resources	<u>540,465</u>	<u>89,555</u>	<u>104,481</u>	<u>108,890</u>	<u>1,735,835</u>	<u>2,579,226</u>	<u>208,963</u>
Net Position							
Net investment in capital assets	33,753,144	43,269,698	1,450,105	5,393,584	55,698,496	139,565,027	2,306,889
Restricted:							
Post-employment benefits	155,298	44,371	51,766	-	14,790	266,225	103,531
Unrestricted	13,168,290	33,296,711	1,879,623	1,399,422	17,707,290	67,451,336	3,756,008
Total net position	<u>\$ 47,076,732</u>	<u>\$ 76,610,780</u>	<u>\$ 3,381,494</u>	<u>\$ 6,793,006</u>	<u>\$ 73,420,576</u>	<u>\$ 207,282,588</u>	<u>\$ 6,166,428</u>

See Notes to the Financial Statements

City of Kingman, Arizona
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water Fund	Wastewater Fund	Solid Waste Fund	Stormwater Fund	Airport Fund		
Operating Revenues							
Charges for services	\$ 13,760,345	\$ 12,211,012	\$ 4,722,429	\$ 86,059	\$ 1,499,032	\$ 32,278,877	\$ 9,096,063
Contributions	-	-	-	-	-	-	5,351,108
Other revenues	230,548	13,056	18,238	13,638	278,847	554,327	322,711
Total operating revenues	<u>13,990,893</u>	<u>12,224,068</u>	<u>4,740,667</u>	<u>99,697</u>	<u>1,777,879</u>	<u>32,833,204</u>	<u>14,769,882</u>
Operating Expenses							
Salaries and related expenses	4,493,898	1,751,725	1,425,422	-	565,663	8,236,708	3,759,886
Administration/legal/contract services	831,437	198,894	1,046,442	108,437	347,483	2,532,693	7,185,616
Supplies	1,862,694	674,560	1,321,938	-	445,912	4,305,104	1,958,020
Repairs and maintenance	1,923,890	411,254	178,156	81,629	130,009	2,724,938	2,361,555
Utilities	3,179,162	670,847	259,422	111	75,156	4,184,698	311,995
Rents	85,033	20,145	1,019	-	578	106,775	962
Depreciation/amortization	1,986,927	1,945,391	434,771	151,238	2,668,925	7,187,252	449,200
Total operating expenses	<u>14,363,041</u>	<u>5,672,816</u>	<u>4,667,170</u>	<u>341,415</u>	<u>4,233,726</u>	<u>29,278,168</u>	<u>16,027,234</u>
Operating Income (Loss)	<u>(372,148)</u>	<u>6,551,252</u>	<u>73,497</u>	<u>(241,718)</u>	<u>(2,455,847)</u>	<u>3,555,036</u>	<u>(1,257,352)</u>
Nonoperating Revenues (Expenses)							
Intergovernmental revenue	313,864	-	-	-	244,576	558,440	-
Interest income	683,622	1,314,302	186,060	122,228	653,753	2,959,965	253,725
Gain (loss) on disposal of capital assets	(33,424)	(790,057)	41,829	-	2,708	(778,944)	7,363
Interest expense and fiscal charges	(220,656)	(487,345)	(117,790)	-	(5,498)	(831,289)	(27,481)
Total nonoperating revenues (expenses)	<u>743,406</u>	<u>36,900</u>	<u>110,099</u>	<u>122,228</u>	<u>895,539</u>	<u>1,908,172</u>	<u>233,607</u>
Income (Loss) Before Transfers	<u>371,258</u>	<u>6,588,152</u>	<u>183,596</u>	<u>(119,490)</u>	<u>(1,560,308)</u>	<u>5,463,208</u>	<u>(1,023,745)</u>
Transfers In	1,717,047	118,523	337	-	-	1,835,907	657,514
Transfers Out	(1,759,693)	(1,263,986)	(562,638)	(222,269)	(579,172)	(4,387,758)	(280,376)
Change in Net Position	<u>328,612</u>	<u>5,442,689</u>	<u>(378,705)</u>	<u>(341,759)</u>	<u>(2,139,480)</u>	<u>2,911,357</u>	<u>(646,607)</u>
Net Position, Beginning of Year	<u>46,748,120</u>	<u>71,168,091</u>	<u>3,760,199</u>	<u>7,134,765</u>	<u>75,560,056</u>	<u>204,371,231</u>	<u>6,813,035</u>
Net Position, End of Year	<u>\$ 47,076,732</u>	<u>\$ 76,610,780</u>	<u>\$ 3,381,494</u>	<u>\$ 6,793,006</u>	<u>\$ 73,420,576</u>	<u>\$ 207,282,588</u>	<u>\$ 6,166,428</u>

See Notes to the Financial Statements

City of Kingman, Arizona
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Water Fund	Wastewater Fund	Solid Waste Fund	Stormwater Fund	Airport Fund		Activities Internal Service Funds
Cash Flows From Operating Activities							
Receipts from customers, service fees and other	\$ 13,403,842	\$ 12,194,028	\$ 4,718,693	\$ 844,649	\$ 1,650,273	\$ 32,811,485	\$ 14,691,209
Receipts from other revenues	230,548	13,056	18,238	13,638	278,847	554,327	322,711
Payments to suppliers	(8,570,054)	(2,095,759)	(2,790,834)	(890,142)	(1,833,483)	(16,180,272)	(12,000,986)
Payments to employees	(4,542,257)	(1,752,115)	(1,337,605)	-	(556,846)	(8,188,823)	(3,719,369)
Receipts (payments) to other funds for services provided	1,000,000	(1,000,000)	-	-	-	-	-
Net cash provided by (used for) operating activities	1,522,079	7,359,210	608,492	(31,855)	(461,209)	8,996,717	(706,435)
Cash Flows From Noncapital Financing Activities							
Transfers from other funds	1,717,047	118,523	337	-	-	1,835,907	657,514
Transfers to other funds	(1,759,693)	(1,263,986)	(562,638)	(222,269)	(579,172)	(4,387,758)	(280,376)
Operating grants	313,864	-	-	-	76,299	390,163	-
Net cash provided by (used for) noncapital and related financing activities	271,218	(1,145,463)	(562,301)	(222,269)	(502,873)	(2,161,688)	377,138
Cash Flows From Capital and Related Financing Activities							
Purchase of capital assets	(1,807,742)	(1,020,137)	(326,235)	-	(770,524)	(3,924,638)	(146,152)
Capital grants and contributions	-	-	-	-	168,277	168,277	-
Proceeds from capital debt	7,290,028	-	-	-	-	7,290,028	-
Proceeds from sale of capital assets	11,576	10,985	41,829	-	360,298	424,688	7,362
Principal paid on long-term debt	(128,583)	(2,824,298)	(506,586)	-	(15,082)	(3,474,549)	(136,000)
Interest paid on long-term debt	(220,656)	(487,345)	(117,790)	-	(5,498)	(831,289)	(27,481)
Net cash provided by (used for) capital and related financing activities	5,144,623	(4,320,795)	(908,782)	-	(262,529)	(347,483)	(302,271)
Cash Flows From Investing Activities							
Interest on investments	683,622	1,314,302	186,060	122,228	653,753	2,959,965	253,725
Net cash provided by investing activities	683,622	1,314,302	186,060	122,228	653,753	2,959,965	253,725
Net increase (decrease) in cash and cash equivalents	7,621,542	3,207,254	(676,531)	(131,896)	(572,858)	9,447,511	(377,843)
Cash and Cash Equivalents, Beginning	16,164,366	29,232,770	3,418,486	3,404,168	15,741,491	67,961,281	6,856,682
Cash and Cash Equivalents, Ending	<u>\$ 23,785,908</u>	<u>\$ 32,440,024</u>	<u>\$ 2,741,955</u>	<u>\$ 3,272,272</u>	<u>\$ 15,168,633</u>	<u>\$ 77,408,792</u>	<u>\$ 6,478,839</u>

City of Kingman, Arizona
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Water Fund	Wastewater Fund	Solid Waste Fund	Stormwater Fund	Airport Fund		Activities Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities							
Net operating income (loss)	\$ (372,148)	\$ 6,551,252	\$ 73,497	\$ (241,718)	\$ (2,455,847)	\$ 3,555,036	\$ (1,257,352)
Adjustments to reconcile operating income (loss) to net cash provided by (used) to operating activities:							
Depreciation/amortization expense	1,986,927	1,945,391	434,771	151,238	2,668,925	7,187,252	449,200
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:							
Accounts receivable	(204,795)	(16,984)	(3,736)	-	162,646	(62,869)	244,038
Leases receivable	5,154	-	-	7,020	(438,532)	(426,358)	-
Inventory	(210,273)	191	-	-	-	(210,082)	-
Prepaid items and deposits	12,475	(999)	5	-	640	12,121	445
Net pension/OPEB asset	(27,201)	(7,226)	(12,515)	-	(2,808)	(49,750)	(17,953)
Deferred outflows related to pensions/OPEB	(398,338)	(113,810)	(132,779)	-	(37,937)	(682,864)	(208,652)
Accounts payable	(490,251)	(119,251)	16,138	(699,965)	(837,903)	(2,131,232)	(230,377)
Accrued payroll and related liabilities	(3,666)	37,558	3,124	-	4,237	41,253	37,039
Due from other funds	1,000,000	-	-	-	-	1,000,000	-
Due to other funds	-	(1,000,000)	-	-	-	(1,000,000)	-
Customer deposits	211	-	-	-	2,918	3,129	-
Unearned revenue	(148,935)	-	-	766,764	11,940	629,769	-
Compensated absences	(5,040)	(10,255)	1,015	-	2,409	(11,871)	(6,767)
Net pension/OPEB liability	262,925	58,212	187,986	-	31,205	540,328	245,085
Deferred inflows related to pensions/OPEB	122,961	35,131	40,986	-	11,711	210,789	64,409
Deferred inflows related to leases	(7,927)	-	-	(15,194)	415,187	392,066	-
Net cash provided by (used for) operating activities:	<u>\$ 1,522,079</u>	<u>\$ 7,359,210</u>	<u>\$ 608,492</u>	<u>\$ (31,855)</u>	<u>\$ (461,209)</u>	<u>\$ 8,996,717</u>	<u>\$ (706,435)</u>
Schedule of Noncash Capital and Related Financing Activities							
Purchase of capital assets on account	\$ 1,464,886	\$ 109,517	\$ -	\$ -	\$ 3,858,054	\$ 5,432,457	\$ 25,487
Purchase of capital assets by financing, lease or subscription	119,147	112,402	1,517,240	-	-	1,748,789	-
Gain (loss) on disposal of capital assets	(33,424)	(790,057)	41,829	-	2,708	(778,944)	-
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position							
Cash and cash equivalents	\$ 23,074,359	\$ 32,440,024	\$ 2,741,955	\$ 3,271,772	\$ 15,130,207	\$ 76,658,317	\$ 6,478,839
Restricted cash and cash equivalents	711,549	-	-	500	38,426	750,475	-
Total cash and cash equivalents	<u>\$ 23,785,908</u>	<u>\$ 32,440,024</u>	<u>\$ 2,741,955</u>	<u>\$ 3,272,272</u>	<u>\$ 15,168,633</u>	<u>\$ 77,408,792</u>	<u>\$ 6,478,839</u>



Financial Section
Notes to the Financial Statements



City of Kingman, Arizona

Notes to the Financial Statements

June 30, 2025

1. Summary of Significant Accounting Policies

The accounting policies of the City of Kingman, Arizona (the City) conform to U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). A summary of the City's more significant accounting policies follows.

Reporting Entity

The City of Kingman (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 the 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 not-for-profit 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. For the fiscal year ending June 30, 2025, there was no activity for KMPC and separate financial statements for the component unit have not been prepared.

Basis of Presentation, Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from the business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment (e.g. special assessments). Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements; all nonmajor funds are aggregated and presented in a single column.

City of Kingman, Arizona

Notes to the Financial Statements

June 30, 2025

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Special assessments are recognized as revenues in the year for which the related capital projects are substantially complete. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, post-employment benefits and claims and judgments, are recorded only when payment is due.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Only the portion of special assessments receivable due within the next fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway User Revenue Fund - The *Highway User Revenue Fund (HURF)* accounts for the City's share of Arizona highway user tax revenues and associated expenditures legally restricted for road construction and maintenance.

Capital Projects Fund - The *Capital Projects Fund* accounts for capital projects related to City parks, transportation, public safety, and general government.

I-11 East Kingman Connection Fund - This fund is used to account for the Rancho Santa Fe Pkwy. Traffic Interchange and Kingman Crossing Blvd. Traffic Interchange. This fund is designated as a major fund by management.

The City reports the following major proprietary funds:

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

Wastewater Fund - The *Wastewater Fund* is used to account for the administration, operations and maintenance of the wastewater collection lines and treatment facility.

Solid Waste Fund - The *Solid Waste Fund* is used to account for the activities of the City's solid waste utility services.

City of Kingman, Arizona

Notes to the Financial Statements

June 30, 2025

Stormwater Fund - The *Stormwater Fund* is used to account for assessing fees to City residential and commercial properties for the purpose of funding stormwater/drainage system improvements. This fund is designated as a major fund by management.

Airport Fund - The *Airport Fund* is used to account for the activities of the Kingman Airfield and Industrial Park.

Additionally, the City reports the following fund type:

Internal Service Fund - *Internal Service Funds* account for the 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.

During operations, the City has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, cash and investments held by the State Treasurer, and highly liquid investments with maturities of three months or less from the date of acquisition. Cash and investments are pooled except for funds required to be held by fiscal agents or restricted under provisions of bond indentures. Interest earned from investments purchased with such pooled monies is allocated to each of the funds based on the average daily cash balances. The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's investment pool, obligations of the U.S. Government and other investments as allowed by Arizona State Statutes. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair values are based on quoted market prices. The reported value of the state treasurer's pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances," if applicable.

City of Kingman, Arizona

Notes to the Financial Statements

June 30, 2025

Lease Receivable

The City is a lessor for noncancellable leases and recognizes a lease receivable and a deferred inflow of resources in the financial statements. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses the lessee's rate or the rate disclosed in the agreement. If there is no stated rate in the lease contract (or if the stated rate is not the rate the City charges the lessee) and the implicit rate cannot be determined, the City uses its incremental borrowing rate calculated using the IRS applicable federal rate table as the discount rate to measure lease receivables.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Inventories and Prepaid Items

The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Inventories of the business-type activities consist principally of materials used in the repair of the distribution, collection and treatment systems and are valued at cost using the average cost method. The cost of such inventories is recorded as expense when consumed rather than when purchased.

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. The cost of prepaid items is recorded as expenditure/expenses when consumed rather than when purchased.

Capital Assets

The City's capital assets, which include land, buildings and related improvements, furniture, vehicles, equipment, construction in progress, infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), right-to-use lease assets and subscription-based information technology arrangement (SBITA) assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Lease assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and estimated useful life in excess of one year. SBITA assets are defined by the City as assets with an initial, individual cost of more than \$30,000 and estimated useful life/subscription term in excess of one year. Donated capital assets are recorded at estimated acquisition value at the date of donation. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported consistent with all other capital assets and are presented in the government-wide financial statements.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset lives below, unless the lease contains a purchase option that the City is reasonably certain of being exercised - then the lease asset is amortized over the useful life of the underlying asset.

SBITA assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the SBITA term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Property, plant and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 to 45 years
Improvements, other than buildings	20 years
Infrastructure	15 to 50 years
Vehicles, machinery and equipment	5 to 25 years

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City has one type of item that qualifies for reporting in this category, which is pension and OPEB related items reported on the government-wide, proprietary fund, and internal service fund financial statements. See *Note 8* for more information.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has three types of items that qualify for reporting in this category.

- The first item, which arises only under a modified accrual basis of accounting, is unavailable revenue and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from grants and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- The second item, is lease related and represents the initial value of the lease receivable under GASB 87 systematically reduced and recognized as lease revenue over the term of the lease. This deferred inflow is recorded at both the fund level and government-wide financial statements.
- The third item is pension and OPEB related items reported on the government-wide, proprietary fund, and internal service fund financial statements. See *Note 8* for more information.

Unearned revenue

Governmental and proprietary funds report a liability, unearned revenue, in connection with resources that have been received, but not yet earned, which consists primarily of stormwater fees collected in advance for flood control repairs in future period, as well as, other revenue received in advance of obligations being met.

City of Kingman, Arizona

Notes to the Financial Statements

June 30, 2025

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick, and compensatory time. Compensated absences are accrued and reported as liabilities in the government-wide and proprietary fund financial statements. The City's policy is that leave earned in the current period is used before leave earned in prior periods. Employees may accumulate unused vacation and are able to carry over up to 280 hours, depending on years of service, from year to year. Upon termination, any accumulated unused vacation time will be paid to the employee. Sick leave accumulates from year to year and any accumulated unused sick time will be paid to the employee if they retire from the Arizona State Retirement System (ASRS) or Public Safety Personnel Retirement System (PSPRS) with the City. Upon retirement, if an employee has more than 360 hours, the maximum that the City will pay out is 120 hours of sick leave. Compensatory leave accumulates from year to year and any accumulated unused compensatory time will be paid to the employee, up to 60 hours or 160 hours depending on department.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed when incurred. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the period of bond issuance. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease Liability

The City is a lessee for noncancellable leases and recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more for governmental activities. For enterprise activity, all lessee activity is recorded.

At the commencement of a lease, the City measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses the IRS applicable federal rate tables to measure the interest rate of lease liabilities as its incremental borrowing rate.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.
- The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

City of Kingman, Arizona

Notes to the Financial Statements

June 30, 2025

Subscription-Based Information Technology Arrangements

The City contracts for noncancellable subscriptions of information technology software. At the commencement of a subscription, the City measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The City recognizes subscription liabilities with an initial, individual value of \$30,000 or more.

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the subscription-based information technology arrangement (SBITA) vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City uses the IRS Applicable Federal Rate as its incremental borrowing rate to measure subscription liabilities.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Post-Employment Benefits

For purposes of measuring the net OPEB asset, net pension/OPEB liability, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the plans' fiduciary net position and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources of governmental and business-type activities and proprietary funds. The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This amount consists of capital, lease and subscription assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt, that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – This amount is restricted by external parties such as creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This amount is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

City of Kingman, Arizona

Notes to the Financial Statements

June 30, 2025

Fund Balance Classifications

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These 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 that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

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 committed. Under the City's adopted policy, only City Council, the City's Manager or the City's Finance Director may assign amounts for specific purposes. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned - all other spendable amounts. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

City of Kingman, Arizona

Notes to the Financial Statements

June 30, 2025

Fund Balance and Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Program Revenues

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

Special Assessments

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

Intergovernmental Grants and Aid

Money received from other government agencies in the form of grants or aid based on an entitlement period is recorded as intergovernmental receivables and revenues when both entitlement occurs and revenues are available. Reimbursement grants are recorded as intergovernmental receivables and revenues when both the related expenditures are incurred and revenues are available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital, lease and SBITA assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Kingman, Arizona

Notes to the Financial Statements

June 30, 2025

Use of Estimates

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

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at year end. The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Arizona Revised Statutes, the City Manager submits a proposed budget for the fiscal year commencing the following July 1 to the City Council. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to the third Monday in August, the expenditure limitation for the City is legally enacted through passage of a resolution. To ensure compliance with the expenditure limitation, a uniform expenditure report must be filed with the State each year. This report, issued under a separate cover, reconciles total City expenditures from the audited financial statements to total expenditures for reporting in accordance with the State's uniform expenditure reporting system (A.R.S. §41-1279.07).
4. The City follows a voter-approved alternative expenditure limitation that was adopted on August 4, 2020.
5. Expenditures may not legally exceed the expenditure limitation of all fund types as a whole. For management purposes, the City adopts a budget by department for the General Fund and at the fund level for all other governmental funds. The City Council has adopted a budget transfer policy and all amendments must be done in accordance with this policy.
6. The City has adopted budgets in accordance with A.R.S. requirements and utilizes the budgets as a management control device during the year for the General Fund, each Special Revenue fund, each Debt Service fund, and each Capital Projects fund. The budgets are prepared on essentially the same modified accrual basis of accounting used to record actual revenues and expenditures.

The City is subject to the State of Arizona's Spending Limitation Law for Counties and Cities. This law does not permit the City to spend more than budgeted revenues plus the carry-over unrestricted cash balance from the prior fiscal year. The limitation is applied to the total of the combined funds. The City complied with this law during the year.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation for future years, is not employed by the City.

Expenditures Over Appropriations

Expenditures may not legally exceed budgeted appropriations at the fund level. The individual statements of revenues, expenditures and changes in fund balances - budget and actual reports as listed in the table of contents present all of the departments which incurred an excess of expenditures/ expenses over appropriations for the year ended June 30, 2025, if any.

City of Kingman, Arizona

Notes to the Financial Statements

June 30, 2025

Accounting Pronouncements Adopted in Fiscal Year 2025

The City adopted GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. The adoption of GASB 101 had no impact on the City's beginning of year net position.

The City adopted GASB Statement No. 102, *Certain Risk Disclosures*, for the year ended June 30, 2025. The new accounting guidance requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The adoption of GASB 102 had no impact on the City's beginning of year net position.

Future Financial Reporting Requirements

The GASB has issued the following potentially significant statements which the City has not yet adopted, and which require adoption subsequent to June 30, 2025. The City will evaluate the potential impact on the City's net position.

Statement No.	Title	Adoption Required
103	<i>Financial Reporting Model Improvements</i>	June 30, 2026
104	<i>Disclosure of Certain Capital Assets</i>	June 30, 2026

2. Cash and Cash Equivalents

State law limits deposits and investments to the Arizona State Treasurer's local government investment pool (LGIP), interest bearing savings accounts, certificates of deposit, United States Treasury Bills, notes or bonds which have a maturity date of not more than one year, and in accounts of any savings and loan associations insured by an agency of the government of the United States, up to the amount of such insurance or pledged collateral. As of June 30, 2025, the City's carrying amount of cash and cash equivalents was \$161,342,330 as reported within the accompanying government-wide financial statements and the statement balance was \$161,735,954.

Deposits

Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 102% of all deposits not covered by federal depository insurance. In the case of deposits, custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned.

As of June 30, 2025, the City's carrying amount of deposits (including cash with fiscal agents) was \$30,620,871 and the bank balance was \$31,028,120. As of June 30, 2025, the City's deposits were fully insured by the Federal Deposit Insurance Corporation or covered by collateral held by the pledging financial institution's trust department in the City's name. The City also maintains petty cash for use in daily operations that totals \$13,625.

Restricted cash of \$750,475 consists of security deposits from water, stormwater and airport enterprise funds. As of June 30, 2025, the City's restricted cash was fully insured by the Federal Deposit Insurance Corporation or covered by collateral held by the pledging financial institution's trust department in the City's name.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Investments

As of June 30, 2025, the City's deposit with the State Treasurer's local government Investment Pool 5, Pool 7 and Pool 500 was \$90,072,588, \$37,078,659, and \$2,806,112, respectively. These are measured at fair value at year-end.

The State Board of Investment provides oversight for the State Treasurer's pools, and the Local Government Investment Pool Advisory Committee provides consultation and advice to the Treasurer. The fair value of a participant's position in the pool approximates the value of that participant's pool shares, and the participant's shares are not identified with specific investments and not subject to custodial credit risk.

The provisions of State law (A.R.S. 35-323) govern the investment of funds in excess of \$100,000. A.R.S. 35-323 allows for investment in certificates of deposit, interest bearing savings accounts, repurchase agreements with a maximum maturity of 180 days, pooled investment funds established by the State Treasurer, obligations guaranteed by the United States, bonds of the State of Arizona or other local municipalities, commercial paper of prime quality that is rated "P1" by Moody's investors or "A1" by Standard and Poor's rating service, and bonds, debentures or notes that are issued by corporations organized and doing business in the United States subject to certain restrictions.

For investments of less than \$100,000, procedures as specified by local ordinance or resolution must be followed.

As of June 30, 2025, the City had the following investments, which are reported as cash equivalents for financial statement purposes:

Investment Type	Total	Ratings		
		AAA	AA+	Unrated
Primary Government:				
Investment Pool 5	\$ 90,072,588	\$ 90,072,588	\$ -	\$ -
Investment Pool 7	37,078,659	37,078,659	-	-
Investment Pool 500	2,806,112	2,806,112	-	-
Total	<u>\$ 129,957,359</u>	<u>\$ 129,957,359</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing its exposure to credit risk is to comply with State law (A.R.S. 35-323). A.R.S. 35-323 limits investment in commercial paper and corporate bonds to the top ratings issued by nationally recognized statistical rating organizations such as Standard & Poor's and Moody's Investor Services.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the provisions of State law (A.R.S. 35- 323). A.R.S. 35-323 requires that the City's investment portfolio maturities do not exceed five years from the time of purchase.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

At June 30, 2025, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u> <u>(in Years)</u>	
		<u>Less Than</u> <u>One Year</u>	<u>One to</u> <u>Five Years</u>
Primary Government:			
Investment Pool 5	\$ 90,072,588	\$ 90,072,588	\$ -
Investment Pool 7	37,078,659	37,078,659	-
Investment Pool 500	2,806,112	2,806,112	-
Total	<u>\$ 129,957,359</u>	<u>\$ 129,957,359</u>	<u>\$ -</u>

Concentration of Credit Risk

The City's policies do not limit the maximum amount that can be invested in any single issuer. At June 30, 2025, all of the City's investments were with the Arizona State Treasurer's local government investment pool.

Custodial Credit Risk

For investments, this is the risk that, in the event of a failure of a counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have an investment policy for custodial credit risk.

3. Land Held For Sale

The City owns land in the Kingman Airfield and Industrial Park. This land is being held for the purpose of development within the Industrial Park area and income to the municipal airport. As of June 30, 2025, the City held 68.31 acres of land for sale of which 56.98 acres are usable. The land held for sale is recorded at market value, the approximate price at which acres were sold for in fiscal years 2021, 2022, and 2023, net the cost of any improvements to the land necessary for sale. The fair market value of the land for the year ended June 30, 2025 is \$2,689,120.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

4. Receivables

Receivables as of June 30, 2025 for the City's individual major funds, nonmajor funds, and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds						Total
	General Fund	HURF Fund	Capital Project Fund	I-11 East Kingman Connection Fund	Nonmajor Governmental Funds		
Receivables:							
Accounts	\$ 287,319	\$ 1,597	\$ -	\$ -	\$ -		\$ 288,916
Taxes	3,593,727	490,078	78,724	64	-		4,162,593
Intergovernmental	-	-	-	-	839,332		839,332
Lease receivables	680,772	-	-	-	-		680,772
Special assessments	-	-	-	-	-		-
Gross receivables	4,561,818	491,675	78,724	64	839,332		5,971,613
Less allowance for uncollectibles	-	-	-	-	-		-
Net total receivables	<u>\$ 4,561,818</u>	<u>\$ 491,675</u>	<u>\$ 78,724</u>	<u>\$ 64</u>	<u>\$ 839,332</u>		<u>\$ 5,971,613</u>
	Proprietary Funds						
	Water Fund	Wastewater Fund	Solid Waste Fund	Stormwater Fund	Airport Fund	Internal Service Funds	Total
Receivables:							
Accounts	\$ 1,789,809	\$ 1,152,404	\$ 522,659	\$ -	\$ 270,688	\$ 212,684	\$ 3,948,244
Taxes	-	-	-	-	-	-	-
Lease receivables	238,821	-	-	136,637	1,835,746	-	2,211,204
Gross receivables	2,028,630	1,152,404	522,659	136,637	2,106,434	212,684	6,159,448
Less allowance for uncollectibles	(51,465)	(34,251)	(15,493)	-	(8,603)	-	(109,812)
Net total receivables	<u>\$ 1,977,165</u>	<u>\$ 1,118,153</u>	<u>\$ 507,166</u>	<u>\$ 136,637</u>	<u>\$ 2,097,831</u>	<u>\$ 212,684</u>	<u>\$ 6,049,636</u>

Lease Receivables

As of June 30, 2025, the City is reporting Leases Receivable of \$2,891,976 and Deferred Inflows of Resources related to Leases of \$2,612,984. For fiscal year 2025, the City reported lease revenue of \$219,989 and interest revenue of \$86,160, related to lease payments received. From time to time, the City's lease contracts include variable lease payments, including residual value guarantees, that are not included in the lease receivable because they are not fixed in substance. The City recognized an insignificant amount of revenue related to these variable lease payments and they have not been further disclosed or included in the measurement of the City's lease receivables.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

The City's leases are summarized as follows:

Lease	Lease Receivables	Deferred Inflows Related to Leases	Lease Revenues	Lease Interest Revenues
Powerhouse	\$ 680,772	\$ 571,091	\$ 28,514	\$ 32,615
Airport	1,446,441	1,360,629	63,865	20,169
Industrial Park	389,305	345,354	104,489	19,279
Stormwater	136,637	108,890	15,194	11,448
Water Operating	238,821	227,020	7,927	2,649
Total	<u>\$ 2,891,976</u>	<u>\$ 2,612,984</u>	<u>\$ 219,989</u>	<u>\$ 86,160</u>

The descriptions for each lease are listed below.

Powerhouse - The City entered into two separate agreements as lessor for land and a building with an initial term of ten years and five years at stated interest rates ranging between 2.07% and 5.0%. One of the agreements can be renewed for five additional five year terms, and the City is reasonably certain that the lessee will renew the lease. All future commitments are through 2033 and 2051.

Airport Leases - The City entered into multiple agreements as lessor for buildings and land with initial terms ranging from 10 to 20 years at stated interest rates of 3.0%. One of the lessees may renew for an additional term of five years, and another lessee may renew for an additional two 10-year terms. The City is reasonably certain that the lessees will renew. During fiscal year 2025, the City entered into a new lease agreement as lessor for land with an initial term of 40 years and a stated interest rate of 2.70%. All future commitments are through 2065.

Industrial Park - The City entered into three separate agreements as lessor for land, a building and a well site. The initial terms range between 10 to 25 years with a stated interest rate of 3.0%. All future commitments are through 2028 and 2031.

Stormwater - The City entered into an agreement as lessor for land for a term of 10 years and a stated rate of 8.2%. All future commitments are through 2032.

Water Operating - The City entered into two separate agreements as lessor for well site usage and a radio tower with an initial term of 40 and 5 years, respectively. The stated interest rates range from 1.0% to 1.36%. One agreement can be renewed for an additional 40 years and the second agreement can be renewed for an additional five years. The City is reasonably certain that the lessees will renew the agreements. All future commitments are through 2031 and 2072.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

	Principal	Interest	Total
Years ending June 30:			
2026	\$ 171,009	\$ 96,815	\$ 267,824
2027	185,666	91,206	276,872
2028	170,559	85,823	256,382
2029	116,854	81,765	198,619
2030	128,610	77,332	205,942
2031-2035	450,750	324,692	775,442
2036-2040	375,060	261,946	637,006
2041-2045	328,013	195,094	523,107
2046-2050	420,803	123,186	543,989
2050-2054	120,560	62,770	183,330
2055-2059	161,247	45,714	206,961
2060-2064	168,249	22,889	191,138
2065-2069	77,534	3,095	80,629
2070-2071	17,062	251	17,313
	<u>\$ 2,891,976</u>	<u>\$ 1,472,578</u>	<u>\$ 4,364,554</u>

5. Interfund Receivables, Payables and Transfers

Due to/from Other Funds

The composition of interfund balances as of June 30, 2025, is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Transit System Fund (Non-major Governmental)	\$ 162,325
Wastewater Fund	Water Fund	1,000,000
		<u>\$ 1,162,325</u>

Interfund balances for the nonmajor governmental fund are created by a short-term deficiency in cash. It is anticipated that the balance will be repaid in one year or less. Interfund balances for the Wastewater Fund and Water Fund are created as a result of a one-time loan to mitigate the effects of water rate increases, and will be repaid in ten annual installments.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2025 is as follows:

	Transfers In:									Total
	General Fund	HURF Fund	Capital Projects	I-11 East Kingman Connection Fund	Nonmajor Governmental Funds	Water Fund	Wastewater Fund	Solid Waste Fund	Internal Service Funds	
Transfers out:										
General Fund	\$ -	\$ 1,394,313	\$ 5,353,130	\$ 5,105,687	\$ 3,111,451	\$ 15,821	\$ -	\$ -	\$ 542,000	\$ 15,522,402
HURF Fund	-	-	-	-	386,738	555,672	-	-	2,500	944,910
Capital Projects Fund	-	-	-	-	362,899	-	-	-	-	362,899
Nonmajor Governmental Funds	890,490	-	118,517	-	16,574	547	-	337	17,280	1,043,745
Water Fund	1,355,659	328,469	-	-	-	-	72,565	-	3,000	1,759,693
Wastewater Fund	511,533	92,202	-	-	1,735	656,016	-	-	2,500	1,263,986
Solid Waste Fund	405,690	109,490	-	-	-	-	45,958	-	1,500	562,638
Stormwater Fund	-	-	-	-	-	222,269	-	-	-	222,269
Airport Fund	162,218	63,999	-	-	-	266,722	-	-	86,233	579,172
Internal Service Fund	206,886	70,982	-	-	7	-	-	-	2,501	280,376
Total	\$ 3,532,476	\$ 2,059,455	\$ 5,471,647	\$ 5,105,687	\$ 3,879,404	\$ 1,717,047	\$ 118,523	\$ 337	\$ 657,514	\$ 22,542,090

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

General Fund transfers out are related to:

- HURF Fund for expenses related to pavement preservation.
- Capital Projects Fund for general government capital expenses such as parks' equipment improvements, street signals, traffic interchange landscaping, public safety equipment and building remodels, and Eastern Street's realignment.
- I-11 East Kingman Connection Fund for Flying Fortress Parkway Traffic Interchange construction costs.
- Nonmajor funds for expenses related to the PSPRS debt service payments, support for the Kingman Area Regional Transit system, and various grants.
- Water Fund for Utility Billing's administration of business and dog licensing.
- Internal Service funds for retiree health insurance and payouts.

HURF transfers out to the Water Fund are related to the administration of infrastructure projects and transfers out to the nonmajor funds are related to grant matches required for grant funded street improvements. Capital Projects Fund transfers out to nonmajor funds are related to grant matches required for the Lewis Kingman Park restroom and Ramada upgrades. Nonmajor transfers out are primarily related to grant projects.

The enterprise funds transferred funds to the General Fund for expenses related mostly for administrative support.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

6. Capital, Lease and Subscription Assets

Capital, lease and subscription assets for governmental activities for the year ended June 30, 2025 were as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 9,916,693	\$ 590	\$ -	\$ 3,000	\$ 9,920,283
Art	10,000	-	-	-	10,000
Construction in progress	65,528,441	8,380,810	-	(13,865,732)	60,043,519
Total capital assets not being depreciated	<u>75,455,134</u>	<u>8,381,400</u>	<u>-</u>	<u>(13,862,732)</u>	<u>69,973,802</u>
Capital assets being depreciated/amortized:					
Infrastructure	76,405,160	2,312,632	(165,370)	4,336,244	82,888,666
Buildings	14,546,726	445,776	(878,324)	145,743	14,259,921
Improvements, other than buildings	10,620,735	1,020,997	-	8,108,860	19,750,592
Vehicles, machinery, equipment	28,753,115	2,936,504	(1,742,699)	1,296,544	31,243,464
Subscription assets	816,365	-	-	-	816,365
Lease vehicles and equipment	1,876,686	582,790	-	-	2,459,476
Total capital, lease and subscription assets being depreciated/amortized	<u>133,018,787</u>	<u>7,298,699</u>	<u>(2,786,393)</u>	<u>13,887,391</u>	<u>151,418,484</u>
Less accumulated depreciation/amortization:					
Infrastructure	(48,790,121)	(1,493,444)	-	-	(50,283,565)
Buildings	(6,182,586)	(310,623)	58,543	-	(6,434,666)
Improvements, other than buildings	(5,636,728)	(514,162)	-	-	(6,150,890)
Vehicles, machinery, equipment	(18,412,062)	(1,846,155)	1,696,215	(9,708)	(18,571,710)
Subscription assets	(169,645)	(217,149)	-	-	(386,794)
Lease vehicles and equipment	(714,000)	(324,270)	-	-	(1,038,270)
Total accumulated depreciation/amortization	<u>(79,905,142)</u>	<u>(4,705,803)</u>	<u>1,754,758</u>	<u>(9,708)</u>	<u>(82,865,895)</u>
Total capital assets being depreciated/amortized, net	<u>53,113,645</u>	<u>2,592,896</u>	<u>(1,031,635)</u>	<u>13,877,683</u>	<u>68,552,589</u>
Governmental activities capital, lease and subscription assets, net	<u>\$ 128,568,779</u>	<u>\$ 10,974,296</u>	<u>\$ (1,031,635)</u>	<u>\$ 14,951</u>	<u>\$ 138,526,391</u>

The City transferred assets and the corresponding accumulated depreciation/amortization from the enterprise funds in the amount of \$24,658 and 9,708, respectively. As a result of the transferred assets, the governmental activities reflect a net transfer addition of \$14,951.

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

Governmental activities:	
General government	\$ 281,928
Public safety	1,277,316
Culture and recreation	503,029
Economic development	59,515
Highways and streets	195,305
Public works	1,939,510
911 dispatch center	116,137
Fleet services	56,419
Building maintenance	57,463
Information technology	219,181
Total depreciation/amortization expense - governmental activities	<u>\$ 4,705,803</u>

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Capital and lease assets for business-type activities for the year ended June 30, 2025 were as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 3,875,020	\$ -	\$ -	\$ -	\$ 3,875,020
Construction in progress	62,188,135	3,427,739	-	(55,617,628)	9,998,246
Total capital assets not being depreciated	<u>66,063,155</u>	<u>3,427,739</u>	<u>-</u>	<u>(55,617,628)</u>	<u>13,873,266</u>
Capital and lease assets being depreciated/amortized:					
Infrastructure	173,555,139	423,477	(831,584)	3,123,024	176,270,056
Buildings	5,509,468	-	-	-	5,509,468
Improvements, other than buildings	5,827,700	1,767,753	-	50,675,599	58,271,052
Vehicles, machinery, equipment	18,092,654	2,796,558	(1,776,580)	1,794,346	20,906,978
Lease vehicles and equipment	1,377,708	-	-	-	1,377,708
Total capital assets being depreciated/amortized	<u>204,362,669</u>	<u>4,987,788</u>	<u>(2,608,164)</u>	<u>55,592,969</u>	<u>262,335,262</u>
Less accumulated depreciation/amortization:					
Infrastructure	(87,947,510)	(4,353,591)	492	-	(92,300,609)
Buildings	(3,673,016)	(172,143)	-	-	(3,845,159)
Improvements, other than buildings	(4,852,814)	(1,472,987)	-	-	(6,325,801)
Vehicles, machinery, equipment	(12,293,449)	(975,112)	1,776,578	9,708	(11,482,275)
Lease vehicles and equipment	(594,642)	(213,419)	-	-	(808,061)
Total accumulated depreciation/amortization	<u>(109,361,431)</u>	<u>(7,187,252)</u>	<u>1,777,070</u>	<u>9,708</u>	<u>(114,761,905)</u>
Total capital and lease assets being depreciated/amortized, net	<u>95,001,238</u>	<u>(2,199,464)</u>	<u>(831,094)</u>	<u>55,602,677</u>	<u>147,573,357</u>
Business-type activities capital and lease assets, net	<u>\$ 161,064,393</u>	<u>\$ 1,228,275</u>	<u>\$ (831,094)</u>	<u>\$ (14,951)</u>	<u>\$ 161,446,623</u>

The City transferred assets and the corresponding accumulated depreciation/amortization from the enterprise funds in the amount of \$24,658 and \$9,708, respectively. As a result of the transferred assets, the business-type activities reflect a net transfer of \$(14,951).

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

Business-type activities:	
Water Fund	\$ 1,986,927
Wastewater Fund	1,945,391
Solid Waste Fund	434,771
Stormwater Fund	151,238
Ariport Fund	<u>2,668,925</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 7,187,252</u>

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

7. Long-Term Liabilities

Long-term liabilities activity for the year ended June 30, 2025 was as follows:

	Governmental Activities				
	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds:					
Excise tax revenue bonds	\$ 32,505,000	\$ 3,145,000	\$ (2,080,000)	\$ 33,570,000	\$ 2,095,000
Kingman Airport Tract/Banks	410,000	-	(410,000)	-	-
Premium on bonds issued	-	107,573	-	107,573	-
Total bonds payable	<u>32,915,000</u>	<u>3,252,573</u>	<u>(2,490,000)</u>	<u>33,677,573</u>	<u>2,095,000</u>
Loans Payable:					
De Lage Landen Loan	98,238	-	(47,617)	50,621	44,605
Zions Bank Loan - 12/29/22	163,809	-	(38,193)	125,616	39,976
Zions Bank Loan - 3/16/23	304,390	-	(71,393)	232,997	74,442
Zions Bank Loan - 4/27/23	172,164	-	(39,974)	132,190	41,952
Zions Bank Loan - 6/29/23	46,636	-	(6,933)	39,703	7,249
Zions Bank Loan - 1/18/24	472,400	-	(85,612)	386,788	89,833
Zions Bank Loan - 4/5/24	328,528	-	(59,420)	269,108	62,408
Zions Bank Loan - 5/30/24	229,838	-	(41,231)	188,607	43,474
Zions Bank Loan - 11/26/24	-	346,300	-	346,300	63,111
Zions Bank Loan - 1/14/25	-	484,615	-	484,615	88,257
Total loans payable	<u>1,816,003</u>	<u>830,915</u>	<u>(390,373)</u>	<u>2,256,545</u>	<u>555,307</u>
Leases	1,177,536	582,790	(315,586)	1,444,740	321,708
Subscription liabilities	554,735	-	(158,291)	396,444	113,088
Accrued compensated absences	<u>1,842,072</u>	<u>-</u>	<u>(81,532)</u>	<u>1,760,540</u>	<u>1,169,369</u>
Governmental activities long-term liabilities	<u>\$ 38,305,346</u>	<u>\$ 4,666,278</u>	<u>\$ (3,435,782)</u>	<u>\$ 39,535,842</u>	<u>\$ 4,254,472</u>

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

	Business-Type Activities				
	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Bonds payable					
Excise tax revenue bonds	\$ -	\$ 7,060,000	\$ -	\$ 7,060,000	\$ 325,000
Premium on bonds issued	-	230,028	-	230,028	-
Total bonds payable	-	7,290,028	-	7,290,028	325,000
Loans Payable:					
Solid waste trucks	1,456,756	-	(277,753)	1,179,003	284,392
Zions Bank Loan - 6/29/23	729,166	-	(108,393)	620,773	113,336
Zions Bank Loan - 11/14/23	917,183	-	(112,306)	804,877	118,034
Zions Bank Loan - 4/5/24	107,194	-	(19,388)	87,806	20,363
Zions Bank Loan - 5/30/24	101,071	-	(18,131)	82,940	19,118
Zions Bank Loan - 10/24/24	-	1,411,459	-	1,411,459	175,904
Zions Bank Loan - 1/14/25	-	337,330	-	337,330	61,434
WIFA Loan - 910114-09	7,948,073	-	(1,882,882)	6,065,191	1,950,664
WIFA Loan - 910149-11	5,679,659	-	(878,035)	4,801,624	906,000
Total loans payable	16,939,102	1,748,789	(3,296,888)	15,391,003	3,649,245
Leases	776,864	-	(177,661)	599,203	235,765
Accrued compensated absences	433,297	-	(11,871)	421,426	269,236
Business-type activities long-term liabilities	<u>\$ 18,149,263</u>	<u>\$ 9,038,817</u>	<u>\$ (3,486,420)</u>	<u>\$ 23,701,660</u>	<u>\$ 4,479,246</u>

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

Excise Tax Revenue Bonds

On July 1, 2021, the City of Kingman, Arizona issued taxable general obligation bonds to provide funds to the Arizona Public Safety Pension Retirement System (PSPRS) to fully fund the pension liability with PSPRS as of July 1, 2021. These taxable bonds have been issued for governmental activities. These bonds mature in 13 years and accrue interest at a range of 0.197-2.790% annually.

On May 22, 2025, the City of Kingman, Arizona issued taxable general obligation bonds to provide funds for financing certain improvements to the water system of the City, as well as financing road improvements. These taxable bonds have been issued for both governmental and business-type activities. These bonds mature in 19 years and accrue interest at a range of 4.00-5.00% annually.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Total debt service maturities are as follows for the excise tax revenue bonds:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year Ending June 30:				
2026	\$ 2,095,000	\$ 718,850	\$ 325,000	\$ 205,992
2027	2,120,000	748,351	220,000	309,075
2028	2,145,000	720,577	235,000	297,700
2029	2,305,000	683,765	245,000	285,700
2030	2,350,000	638,650	260,000	273,075
2031-2035	12,580,000	2,344,481	1,500,000	1,152,875
2036-2040	8,790,000	694,187	1,925,000	734,425
2041-2045	1,185,000	137,950	2,350,000	272,513
Total	\$ 33,570,000	\$ 6,686,811	\$ 7,060,000	\$ 3,531,355

Loans Payable

The following is a listing of loans payable outstanding as of June 30, 2025:

	Business-Type Activities
Water Infrastructure Finance Authority of Arizona loan number 910114-09, due in semi-annual variable principal and interest installments, bearing interest at 3.6% (including fees), maturing July 2028. The City has pledged future wastewater utility revenues to repay this loan. Loan covenants require the City to maintain 1.5 times coverage of net revenues to current year debt service payments.	\$ 6,065,191
On July 6, 2021, the City entered into a finance lease for six solid waste trucks. The total amount financed is \$1,992,964 at an interest rate of 2.39%. Payments are paid annually in the amount of \$312,570, maturing on July 15, 2028.	1,179,003
On June 29, 2023 the City entered into a finance lease for two freightliners and four vehicles. The total amount financed is \$832,832, annual variable principal and interest installments, bearing interest at 4.56%, maturing June 2030.	620,773
Water Infrastructure Finance Authority of Arizona loan number 910149-11, due in semi-annual variable principal and interest installments, bearing interest at 3.185% (including fees), maturing July 2030. The City has pledged future wastewater utility revenues to repay this loan. Loan covenants require the City to maintain 1.5 times coverage of net revenues to current year debt service payments.	4,801,624
On November 14, 2023 the City entered into a finance lease for two solid waste trucks. The total amount financed is \$917,183, annual variable principal and interest installments, bearing interest at 5.10%, maturing November 2030.	804,877
On April 5, 2024 the City entered into a finance lease for two vehicles. The total amount financed is \$107,194, annual variable principal and interest installments, bearing interest at 5.03%, maturing April 2029.	87,806
On May 30, 2024 the City entered into a finance lease for two vehicles. The total amount financed is \$107,071, annual variable principal and interest installments, bearing interest at 5.44%, maturing May 2029.	82,940

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

On October 24, 2024 the City entered into a finance lease for three vehicles. The total amount financed is \$1,411,459, annual variable principal and interest installments, bearing interest at 4.52%, maturing October 2032.	1,411,459
On January 14, 2025 the City entered into a finance lease for six vehicles. The total amount financed is \$337,330, annual variable principal and interest installments, bearing interest at 4.69%, maturing January 2030.	<u>337,330</u>
Total loans payable, business-type activities	<u><u>\$ 15,391,003</u></u>

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

	Business-Type Activities	
	Principal	Interest
Year ending June 30:		
2026	\$ 3,649,245	\$ 557,343
2027	3,779,203	427,385
2028	3,913,915	292,672
2029	1,884,551	153,025
2030	1,563,973	86,347
2031-2032	<u>600,116</u>	<u>38,369</u>
 Total	 <u><u>\$ 15,391,003</u></u>	 <u><u>\$ 1,555,141</u></u>

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

	Governmental Activities
On October 1, 2022, the City entered into a finance lease for Golf Carts. The total amount financed is \$232,306 at an interest rate of 6.47%. Payments are paid semi-annually in the amount of \$50,879, maturing on May 1, 2026.	\$ 50,621
On December 29, 2022, the City entered into a finance lease for four vehicles. The total amount financed is \$200,298, annual variable principal and interest installments, bearing interest at 4.67%, maturing December 2027.	125,616
On March 16, 2023, the City entered into a finance lease for seven vehicles. The total amount financed is \$372,859, annual variable principal and interest installments, bearing interest at 4.27%, maturing March 2028.	232,997
On April 27, 2023, the City entered into a finance lease for two vehicles. The total amount financed is \$210,252, annual variable principal and interest installments, bearing interest at 4.95%, maturing April 2028.	132,190
On June 29, 2023 the City entered into a finance lease for two freightliners and four vehicles. The total amount financed is \$53,266, annual variable principal and interest installments, bearing interest at 4.56%, maturing June 2030.	39,703
On January 18, 2024 the City entered into a finance lease for ten vehicles. The total amount financed is \$472,400, annual variable principal and interest installments, bearing interest at 4.93%, maturing January 2029.	386,788
On April 5, 2024 the City entered into a finance lease for three vehicles. The total amount financed is \$328,528, annual variable principal and interest installments, bearing interest at 5.03%, maturing April 2029.	269,108
On May 30, 2024 the City entered into a finance lease for four vehicles. The total amount financed is \$229,838, annual variable principal and interest installments, bearing interest at 5.44%, maturing May 2029.	188,607
On November 26, 2024 the City entered into a finance lease for six vehicles. The total amount financed is \$346,300, annual variable principal and interest installments, bearing interest at 4.65%, maturing November 2029.	346,300
On January 14, 2025 the City entered into a finance lease for nine vehicles. The total amount financed is \$484,615, annual variable principal and interest installments, bearing interest at 4.65%, maturing January 2030.	484,615
Total loans payable, governmental activities	\$ 2,256,545

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

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

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2026	\$ 555,307	\$ 106,100
2027	541,173	81,386
2028	560,788	55,755
2029	408,923	28,892
2030	190,354	8,881
 Total	 \$ 2,256,545	 \$ 281,014

Leases

The City has entered into lease agreements for various vehicles, equipment and machinery. The City's fleet leases are 5-7 year leases with expiration dates ranging from fiscal year 2026-2029 and include stated interest rates ranging from 3.41-8.35%. Additionally, the City has various equipment lease agreements as lessee with maturities ranging from fiscal years 2026 to 2039 and stated interest rates ranging from 1.00-4.80%. The assets acquired through leases are as follows:

	Governmental Activities	Business-Type Activities
Asset:		
Vehicles, machinery and equipment	\$ 2,459,476	\$ 1,377,708
Less accumulated depreciation/amortization	(1,038,270)	(808,061)
 Total	 \$ 1,421,206	 \$ 569,647

City of Kingman, Arizona
Notes to the Financial Statements
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Annual lease payment obligations to maturity as of June 30, 2025, were as follows:

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2026	\$ 321,708	\$ 83,154
2027	289,782	67,217
2028	231,622	33,625
2029	128,339	21,234
2030	138,724	11,840
Thereafter	334,565	43,308
Total lease payments	\$ 1,444,740	\$ 260,378
	Business-Type Activities	
	Principal	Interest
Year ending June 30:		
2026	\$ 235,765	\$ 40,854
2027	142,785	27,446
2028	97,493	13,530
2029	7,178	3,146
2030	7,710	2,923
Thereafter	108,272	13,343
Total lease payments	\$ 599,203	\$ 101,242

Subscription-Based Information Technology Arrangements (SBITAs)

The City has obtained the right to use various IT software under the provisions of various subscription-based information technology arrangements. The terms range from three to four years, including options that are more likely than not to be exercised. The discount rate applied to the subscription-based technology arrangements are based on actual rates or an estimated incremental borrowing rate, which ranged from 2.00% to 4.50% for all subscription-based technology arrangements reported. The total of the City's subscription assets are recorded at cost of \$816,365, less accumulated amortization of \$386,794 at June 30, 2025.

The following schedule details minimum subscription payments to maturity for the City's subscriptions liability at June 30, 2025:

	Governmental Activities	
	Principal	Interest
Year ending June 30:		
2026	\$ 113,088	\$ 10,429
2027	122,582	5,652
2028	160,774	445
Total	\$ 396,444	\$ 16,526

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Variable and Other Payments

From time to time, the City's leases and SBITAs include variable payments and other payments, such as termination penalties, that are not included in the lease/subscription liabilities because they are either not fixed in substance (variable) or the City is not reasonably certain the other payments will be required. As such, they have not been further disclosed or included in the measurement of the lease/subscription liabilities.

8. Pensions and Other Postemployment Benefits

The City contributes to the plans described below. The plans are component units of the State of Arizona.

At June 30, 2025, the City reported the following aggregate amounts related to pensions and other post-employment benefits (OPEB) for all plans to which it contributes:

Statement of Net Position and Statement of Activities	Governmental Activities	Business-Type Activities	Total
Net OPEB asset	\$ 1,223,395	\$ 266,225	\$ 1,489,620
Net pension liability	16,147,316	6,902,281	23,049,597
Net OPEB liability	3,159	-	3,159
Total OPEB liability	3,052,850	-	3,052,850
Deferred outflows of resources related to pensions and OPEB	9,651,408	1,588,825	11,240,233
Deferred inflows of resources related to pensions and OPEB	3,092,659	537,333	3,629,992
Pension expense	4,618,716	849,419	5,468,135
OPEB expense (income)	(234,759)	(40,396)	(275,155)

The City reported \$2,258,827 of pension and OPEB contributions as expenditures during fiscal year 2025 in the governmental funds related to all pension and OPEB plans to which it contributes.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Arizona State Retirement System (ASRS)

Plan Description

The City participates in the Arizona State Retirement System (ASRS). The ASRS administers a cost-sharing multiple-employer defined benefit pension plan, a cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plan, and a cost-sharing multiple-employer defined benefit long-term disability (OPEB) plan. The Arizona State Retirement System Board governs the ASRS according to the provisions of A.R.S. Title 38, Chapter 5, Articles 2 and 2.1. The ASRS issues a publicly available financial report that includes its financial statements and required supplementary information. The report is available on its website at www.azsrs.gov.

Benefits Provided

The ASRS provides retirement, health insurance premium supplement, long-term disability, and survivor benefits. State statute establishes benefit terms. Retirement benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

ASRS	Retirement Initial Membership Date	
	Before July 1, 2011	On or After July 1, 2011
Years of service and age required to receive benefit	Sum of years and age equals 80 10 years age 62 5 years age 50* Any years age 65	30 years age 55 25 years age 60 10 years age 62 5 years age 50* Any years age 65
Final average salary is based on	Highest 36 consecutive months of last 120 months	Highest 60 consecutive months of last 120 months
Benefit percent per year of service	2.1% to 2.3%	2.1% to 2.3%

*With actuarially reduced benefits

Retirement benefits for members who joined the ASRS prior to September 13, 2013, are subject to automatic cost-of-living adjustments based on excess investment earning. Members with a membership date on or after September 13, 2013, are not eligible for cost-of-living adjustments. Survivor benefits are payable upon a member's death. For retired members, the survivor benefit is determined by the retirement benefit option chosen. For all other members, the beneficiary is entitled to the member's account balance that includes the member's contributions and employer's contributions, plus interest earned.

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. For members with 10 or more years of service, benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents. For members with five to nine years of service, the benefits are the same dollar amounts as above multiplied by a vesting fraction based on completed years of service.

Active members are eligible for a monthly long-term disability benefit equal to two-thirds of monthly earnings. Members receiving benefits continue to earn service credit up to their normal retirement dates. Members with long-term disability commencement dates after June 30, 1999, are limited to 30 years of service or the service on record as of the effective disability date if their service is greater than 30 years.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Contributions

In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. For the year ended June 30, 2025, active ASRS members were required by statute to contribute at the actuarially determined rate of 12.27% (12.12% for retirement and 0.15% 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 12.27% (12.05% for retirement, 0.07% health insurance premium benefit, and 0.15% for long-term disability) of the active members' annual covered payroll. In addition, the City was required by statute to contribute at the actuarially determined rate of 10.19% (10.14% for retirement and 0.05% for long-term disability) of annual covered payroll of retired members who worked for the City in positions that would typically be filled by an employee who contributes to the ASRS. The City's contributions to the pension, health insurance premium benefit, and long-term disability plans for the year ended June 30, 2025, were \$2,127,873, \$9,504, and \$25,381, respectively.

During fiscal year 2025, the City paid for ASRS pension and OPEB contributions as follows: 40% from the General Fund, 34% from major enterprise funds, and 26% from other funds.

Liability

At June 30, 2025, the City reported the following asset and liabilities for its proportionate share of the ASRS' net pension/OPEB asset or liability.

ASRS	Net Pension/OPEB (Asset) Liability
Pension	\$ 19,173,004
Health insurance premium benefit	(739,515)
Long-term disability	3,159

The net OPEB asset and net pension/OPEB liabilities were measured as of June 30, 2024. The total liability used to calculate the net OPEB asset or net pension/OPEB liabilities was determined using update procedures to roll forward the total pension/OPEB liabilities from an actuarial valuation as of June 30, 2023, to the measurement date of June 30, 2024.

The City's proportion of the net OPEB asset or net pension/OPEB liability was based on the City's actual contributions to the plan relative to the total of all participating employers' contributions for the year ended June 30, 2024. The City's proportions measured as of June 30, 2024 and the change from its proportions measured as of June 30, 2023, were:

ASRS	Proportion June 30, 2024	Increase (Decrease) From June 30, 2023
Pension	0.11982%	0.01049%
Health insurance premium benefit	0.12239%	0.01089%
Long-term disability	0.12117%	0.01097%

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Expense

For the year ended June 30, 2025, the City recognized the following pension and OPEB expense/(income):

ASRS	Pension/OPEB Expense (Income)
Pension	\$ 2,359,495
Health insurance premium benefit	(112,210)
Long-term disability	14,690

Deferred Outflows/Inflows of Resources

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Pension		Health Insurance Premium Benefit		Long-Term Disability	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,070,219	\$ -	\$ 21,400	\$ 178,564	\$ 11,614	\$ 8,412
Changes of assumptions or other inputs	-	-	-	7,671	2,286	18,910
Net difference between projected and actual earnings on plan investments	-	1,224,406	-	50,835	-	3,450
Changes in proportion and differences between City contributions and proportionate share of contributions	1,183,710	-	701	31,121	3,524	1,781
City contributions subsequent to the measurement date	2,127,873	-	9,504	-	25,381	-
Total	\$ 4,381,802	\$ 1,224,406	\$ 31,605	\$ 268,191	\$ 42,805	\$ 32,553

The amounts reported as deferred outflows of resources related to ASRS pension and OPEB resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net OPEB asset or a reduction of the net pension/OPEB liability in the year ending June 30, 2026.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ASRS pension and OPEB will be recognized as expenses as follows:

	Pension	Health Insurance Premium Benefit	Long-Term Disability
Year ending June 30:			
2026	\$ 93,673	\$ (143,867)	\$ (5,091)
2027	1,470,480	(38,296)	(182)
2028	(309,937)	(38,197)	(5,051)
2029	(224,693)	(20,546)	(4,886)
2030	-	(5,184)	(1,862)
Thereafter	-	-	1,943
Total	<u>\$ 1,029,523</u>	<u>\$ (246,090)</u>	<u>\$ (15,129)</u>

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension/OPEB liabilities are as follows:

ASRS:

Actuarial valuation date	June 30, 2023
Actuarial roll forward date	June 20, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.0%
Projected salary increases	2.9% to 8.4% for pensions
Inflation	2.3%
Permanent benefit increase	Included for pensions
Mortality rates	2017 SRA Scale U-MP for pensions and health insurance premium benefit
Recovery rate	2012 GLDT for long-term disability
Healthcare cost trend rate	N/A

Actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the five-year period ended June 30, 2020.

The long-term expected rate of return on ASRS plan investments was determined to be 7.0% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

ASRS Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
Public Equity	44%	4.48%
Credit	23%	4.40%
Real Estate	17%	6.05%
Private Equity	10%	6.11%
Interest Rate Sensitive	6%	(0.45)%
Total	<u>100%</u>	

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Discount Rate

At June 30, 2024, the discount rate used to measure the ASRS total pension/OPEB liabilities was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the ASRS Board's funding policy, which establishes the contractually required rate under Arizona statute. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Sensitivity of the Proportionate Share of the ASRS Net Pension/OPEB (Asset) Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension/OPEB (asset) liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension/OPEB (asset) liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

ASRS	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the:			
Net pension liability	\$ 29,357,789	\$ 19,173,004	\$ 10,684,874
Net health insurance premium benefit (asset)	(537,622)	(739,515)	(911,164)
Net long-term disability liability	10,868	3,159	(4,425)

Plan Fiduciary Net Position

Detailed information about the plans' fiduciary net position is available in the separately issued ASRS financial report.

Public Safety Personnel Retirement System

(PSPRS) Plan Description

City police and fire employees who are regularly assigned hazardous duty participate in the Public Safety Personnel Retirement System (PSPRS) or employees who became members on or after July 1, 2017, may participate in the Public Safety Personnel Defined Contribution Retirement Plan (PSPDCRP). The PSPRS administers agent and cost-sharing multiple-employer defined benefit pension plans and agent and cost-sharing multiple-employer defined benefit health insurance premium benefit (OPEB) plans. A nine-member board known as the Board of Trustees and the participating local boards govern the PSPRS according to the provisions of A.R.S. Title 38, Chapter 5, Article 4. Employees who were PSPRS members before July 1, 2017, participate in the agent plans, and those who became PSPRS members on or after July 1, 2017, participate in the cost-sharing plans (PSPRS Tier 3 Risk Pool) which are not further disclosed because of their relative insignificance to the City's financial statements.

The PSPRS issues a publicly available financial report that includes financial statements and required supplementary information for PSPRS plans. The reports are available on the PSPRS website at www.psprs.com.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Benefits Provided

The PSPRS provides retirement, health insurance premium supplement, disability, and survivor benefits. State statute establishes benefit terms. Retirement, disability, and survivor benefits are calculated on the basis of age, average monthly compensation, and service credit as follows:

PSPRS Retirement and Disability	Initial Membership Date	
	Before July 1, 2012	On or After January 1, 2012 and Before July 1, 2018
Years of service and age required to receive benefit	20 years of service, any age 15 years of service, age 62	25 years of service or 15 years of credited service, age 52.5
Final average salary is based on	Highest 36 months of last 20 years	Highest 60 consecutive months of last 20 years
Benefit percent: Normal retirement	50% less 4.0% for each year of credited service less than 20 years OR plus 2.0% for each year of credited service over 20 years, not to exceed 80% OR plus 2.5% for each year of credited service over 25 years, not to exceed 80%	1.5% to 2.5% per year of credited service, not to exceed 80%
Accidental disability retirement	50% or normal retirement, whichever is greater	
Catastrophic disability retirement	90% for the first 60 months then reduced to either 62.5% or normal retirement, whichever is greater	
Ordinary disability retirement	Normal retirement calculated with actual years of credited service or 20 years of credited service, whichever is greater, multiplied by years of credited service (not to exceed 20 years) divided by 20	

Survivor Benefits

Retired members	80% of retired member's pension benefit
Active members	80% to 100% of accidental disability retirement benefit or 100% of average monthly compensation if death was the result of injuries received on the job

Retirement and survivor benefits are subject to automatic cost-of-living adjustments based on inflation. PSPRS also provides temporary disability benefits of 50% of the member's compensation for up to 12 months.

Health insurance premium benefits are available to retired or disabled members with five years of credited service. The benefits are payable only with respect to allowable health insurance premiums for which the member is responsible. Benefits range from \$100 per month to \$260 per month depending on the age of the member and dependents.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Employees Covered by Benefit Terms

At the June 30, 2024 measurement date, the following employees were covered by the agent plans' benefit terms:

	PSPRS Fire	PSPRS Police
Inactive employees or beneficiaries currently receiving benefits	39	40
Inactive employees entitled to but not yet receiving benefits	4	9
Active employees	30	23
Total	73	72

Contributions

State statutes establish the pension contribution requirements for active PSPRS employees. In accordance with state statutes, annual actuarial valuations determine active member and employer contribution requirements for pension and health insurance premium benefits. The combined active member and employer contribution rates are expected to finance the costs of benefits employees earn during the year, with an additional amount to finance any unfunded accrued liability. Contribution rates for the year ended June 30, 2025 are indicated below. Rates are a percentage of active members' annual covered payroll.

	PSPRS Fire	PSPRS Police
Active members - pension	7.65-11.65%	7.65-11.65%
City:		
Pension	12.78%	10.60%
Health insurance premium benefit	0.00%	0.00%

In addition, statute required the City to contribute at the actuarially determined rate of 12.78% for fire and 10.60% for police of annual covered payroll of retired members who worked for the City in positions that an employee who contributes to the PSPRS would typically fill and employees participating in the PSPRS Tier 3 Risk Pool and PSPDCRP members in addition to the City's required contributions to the PSPRS Tier 3 Risk Pool and PSPDCRP.

The City's contributions to the plans for the year ended June 30, 2025, were:

	PSPRS Fire	PSPRS Police
Pension - contribution PSPRS	\$ 455,474	\$ 399,916

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

During fiscal year 2025, the City paid for PSPRS pension and OPEB contributions 100% from the General Fund.

Liability

At June 30, 2025, the City reported the following assets and liabilities:

	Net Pension (Asset) Liability	Net OPEB (Asset) Liability
PSPRS Fire	\$ 2,664,126	\$ (416,208)
PSPRS Police	1,212,467	(333,897)

The net OPEB assets and net pension liabilities were measured as of June 30, 2024, and the total liability used to calculate the net OPEB assets and net pension liabilities was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension/OPEB liability are as follows:

PSPRS:

Actuarial valuation date	June 30, 2024
Actuarial cost method	Entry age normal
Investment rate of return	7.20%
Wage inflation	3.0-6.25% for pensions/not applicable for OPEB
Price inflation	2.5% for pensions/not applicable for OPEB
Cost-of-living adjustments	1.85% for pensions/not applicable for OPEB
Mortality rates	PubS-2010 tables
Healthcare cost trend rate	N/A

Actuarial assumptions used in the June 30, 2024 valuation was based on the results of an actuarial experience study for the five-year period ended June 30, 2022.

The long-term expected rate of return on PSPRS plan investments was determined to be 7.20% using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return
U.S. public equity	24%	3.62%
International public equity	16%	4.47%
Global private equity	27%	7.05%
Core bonds	6%	2.44%
Private credit	20%	6.24%
Diversifying strategies	5%	3.15%
Cash, Mellon	2%	0.89%
Total	100%	

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Discount Rate

At June 30, 2024 the discount rate used to measure the total pension/OPEB liabilities was 7.20%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension/OPEB liability.

Changes in the Net Pension/OPEB (Asset)/Liability

The change in net pension/OPEB (asset)/liability for the year ended June 30, 2025 is as follows:

PSPRS - Fire	Pension Increase (Decrease)			Health Insurance Premium Benefit Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset)/Liability (a) - (b)
Balances, June 30, 2024	\$ 41,110,124	\$ 40,276,042	\$ 834,082	\$ 525,525	\$ 889,531	\$ (364,006)
Charges for the year:						
Service cost	519,683	-	519,683	10,928	-	10,928
Interest on the total liability	2,924,580	-	2,924,580	37,878	-	37,878
Differences between expected and actual experience in the measurement of the liability	3,241,406	-	3,241,406	(12,166)	-	(12,166)
Changes of assumptions or other inputs	-	-	-	-	-	-
Contributions, employer	-	566,108	(566,108)	-	-	-
Contributions, employee	-	226,645	(226,645)	-	-	-
Net investment income	-	4,082,625	(4,082,625)	-	89,229	(89,229)
Benefit payments, including refunds of employee contributions	(2,021,292)	(2,021,292)	-	(20,751)	(20,751)	-
Administrative expense	-	(19,753)	19,753	-	(387)	387
Net changes	<u>4,664,377</u>	<u>2,834,333</u>	<u>1,830,044</u>	<u>15,889</u>	<u>68,091</u>	<u>(52,202)</u>
Balances, June 30, 2025	<u>\$ 45,774,501</u>	<u>\$ 43,110,375</u>	<u>\$ 2,664,126</u>	<u>\$ 541,414</u>	<u>\$ 957,622</u>	<u>\$ (416,208)</u>

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Changes in the Net Pension/OPEB (Asset)/Liability

The change in net pension (asset)/liability for the year ended June 30, 2025 is as follows:

	Pension Increase (Decrease)			Health Insurance Premium Benefit Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset)/Liability (a) - (b)
PSPRS - Police						
Balances, June 30, 2024	\$ 39,532,735	\$ 38,844,158	\$ 688,577	\$ 521,929	\$ 783,754	\$ (261,825)
Charges for the year:						
Service cost	418,651	-	418,651	10,155	-	10,155
Interest on the total liability	2,807,078	-	2,807,078	37,434	-	37,434
Differences between expected and actual experience in the measurement of the liability	1,718,663	-	1,718,663	(41,809)	-	(41,809)
Changes of assumptions or other inputs	-	-	-	-	-	-
Contributions, employer	-	345,864	(345,864)	-	-	-
Contributions, employee	-	178,420	(178,420)	-	-	-
Net investment income	-	3,917,447	(3,917,447)	-	78,232	(78,232)
Benefit payments, including refunds of employee contributions	(1,928,374)	(1,928,374)	-	(24,323)	(24,323)	-
Administrative expense	-	(21,229)	21,229	-	(380)	380
Net changes	<u>3,016,018</u>	<u>2,492,128</u>	<u>523,890</u>	<u>(18,543)</u>	<u>53,529</u>	<u>(72,072)</u>
Balances, June 30, 2025	<u>\$ 42,548,753</u>	<u>\$ 41,336,286</u>	<u>\$ 1,212,467</u>	<u>\$ 503,386</u>	<u>\$ 837,283</u>	<u>\$ (333,897)</u>

Sensitivity of the City's Net Pension/OPEB (Asset)/Liability to Changes in the Discount Rate

The following table presents the City's net pension/OPEB (assets)/liabilities calculated using the discount rate of 7.20%, as well as what the City's net pension/OPEB (assets)/liabilities would be if it were calculated using a discount rate that is 1-percentage point lower (6.20%) or 1-percentage point higher (8.20%) than the current rate:

PSPRS - Fire	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Net pension (asset)/liability	\$ 9,135,124	\$ 2,664,126	\$ (2,594,810)
Net OPEB (asset)/liability	(353,234)	(416,208)	(469,044)

PSPRS - Police	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Net pension (asset)/liability	\$ 7,068,473	\$ 1,212,467	\$ (3,541,932)
Net OPEB (asset)/liability	(278,044)	(333,897)	(380,824)

City of Kingman, Arizona
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Plan Fiduciary Net Position

Detailed information about the plans' fiduciary net position is available in the separately issued PSPRS financial reports.

Expense

For the year ended June 30, 2025, the City recognized the following pension expense and reduction in OPEB expense:

	Pension Expense	OPEB Expense Reduction
PSPRS Fire	\$ 1,738,570	\$ (57,835)
PSPRS Police	1,370,070	(90,486)

Deferred Outflows/Inflows of Resources

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

PSPRS - Fire	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,227,187	\$ 132,309	\$ 10,296	\$ 113,392
Changes of assumptions or other inputs	376,108	-	6,900	-
Net difference between projected and actual earnings on pension plan investments	-	347,176	-	11,662
City contributions subsequent to the measurement date	455,474	-	-	-
Total	\$ 4,058,769	\$ 479,485	\$ 17,196	\$ 125,054

City of Kingman, Arizona
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PSPRS - Police	Pension		Health Insurance Premium Benefit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,897,432	\$ -	\$ -	\$ 71,133
Changes of assumptions or other inputs	130,362	-	1,314	-
Net difference between projected and actual earnings on pension plan investments	-	294,299	-	9,964
City contributions subsequent to the measurement date	399,916	-	-	-
Total	\$ 2,427,710	\$ 294,299	\$ 1,314	\$ 81,097

The amounts reported as deferred outflows of resources related to PSPRS pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to PSPRS pension and OPEB will be recognized in pension and OPEB expense as follows:

	PSPRS Fire		PSPRS Police	
	Pension	Health	Pension	Health
Year ending June 30:				
2026	\$ 1,055,646	\$ (48,413)	\$ 796,931	\$ (51,256)
2027	1,790,485	(30,083)	1,442,777	(18,788)
2028	523,217	(21,740)	(271,817)	(5,201)
2029	(245,538)	(7,622)	(234,396)	(4,538)
Total	\$ 3,123,810	\$ (107,858)	\$ 1,733,495	\$ (79,783)

PSPDCRP Plan

City employees who are not members of PSPRS participate in the PSPDCRP. The PSPDCRP is a defined contribution pension plan. The PSPRS Board of Trustees governs the PSPDCRP according to the provisions of A.R.S. Title 38, Chapter 5, Article 4.1. Benefit terms, including contribution requirements, are established by State statute.

For the year ended June 30, 2025, active PSPDCRP members were required by statute to contribute at least 3% to 9% of the members' annual covered payroll, and the City was required by statute to contribute 3% to 9% of active members' annual covered payroll to an individual employee account. Employees are immediately vested in their own contributions and the earnings on those contributions. Employees vest in a portion of the City's contributions each year as set forth in statute. The plan retains nonvested City contributions when forfeited because of employment terminations. For the year ended June 30, 2025, the City recognized expense of \$399,887 with no liability due as of year-end.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Other Post-Employment 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. A separate financial report is not issued for the plan.

Benefits Provided

The City contributes 100% of the premiums for the employees who retire with 20 years of full-time service before July 1, 2005. The City pays a portion of the premiums for the 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. Employees hired on or after July 1, 2013 are not eligible for retiree benefits under this Plan. 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.

Employees Covered by Benefit Terms

At the June 30, 2025 measurement, membership data consisted of the following, based on an actuarial valuation as of June 30, 2024:

	Participants
Active employees	\$ 67
Retirees	7
Total	\$ 74

Contributions

The City currently pays for postemployment benefits on a pay-as-you-go basis. There were no contributions to the plan from the City for the year ended June 30, 2025. Generally, resources from the General Fund are used to pay for postemployment benefits.

Total OPEB Liability

At June 30, 2025, the City reported a total OPEB liability of \$3,052,850. The total OPEB liability was measured as of June 30, 2025 and the total OPEB liability was determined by an actuarial valuation as of June 30, 2024. There are no assets accumulated in a trust that meet the criteria in GASB 75 (paragraph 4) to pay related benefits. The total OPEB liability as of June 30, 2025 reflects a change in the use of discount rates from 3.93% to 5.20%.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Total OPEB Liability Discount Rate Sensitivity

The following presents the total OPEB liability calculated using the discount rate of 5.20%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (4.20%)		Current Discount Rate (5.20%)		1% Increase (6.2%)
Total OPEB liability	\$ 3,322,000	\$	3,052,850	\$	2,810,000

Total OPEB Liability Healthcare Cost Trend Rates Sensitivity

The following presents the total OPEB liability calculated using current healthcare cost trend rates, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Decrease		Healthcare Trend		1% Increase
Total OPEB liability	\$ 2,752,000	\$	3,052,850	\$	3,397,000

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

The Entry Age Normal Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability. Because we do not have actual payroll, all participants are valued at a set pay amount with pay increasing at the pay growth assumption.

Medical and drug trend rates are assumed to be 7% beginning July 1, 2022 and decreasing by 3.73% annually through July 1, 2043. The medical and drug trend rate beginning July 1, 2043 is expected to be 3.73%. Costs for dental and vision benefits are assumed to increase at the same rate.

Healthy active and retirees' mortality rates were based on the Headcount-Weighted Pub-2010 mortality tables projected on a fully generational basis by scale MP-2020. Disabled lives were based on the Headcount-Weighted Pub Safety-2010 disabled mortality tables projected on a fully generational basis by scale MP-2020.

In developing the projection of cash flows used to determine the discount rate, it was assumed that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rate will be based on a 20-year, tax-exempt general obligation municipal bond index.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2024 was based upon the rates as of June 30, 2024, and was 3.93% per annum. The discount rate as of June 30, 2025 is based upon the rates as of June 30, 2025, and is 5.20% per annum. This rate is assumed to be an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher for pay-as-you-go plans.

Changes in the Total OPEB Liability

	Increase (Decrease)
	Total OPEB Liability (a)
Balances, June 30, 2024	\$ 3,268,895
Changes during the period:	
Service cost	96,896
Interest cost	129,915
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	(322,710)
Benefit payments	(120,146)
Net changes	(216,045)
Balances, June 30, 2025	\$ 3,052,850

OPEB Expense

For the year ended June 30, 2025, the City recognized OPEB expense of \$66, which is allocated to governmental activities.

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2025, the City reported the following deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 188,032	\$ 170,000
Changes of assumptions	91,000	954,904
Total	\$ 279,032	\$ 1,124,904

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized as expense as follows:

	Deferred Outflows (Inflows) of Resources
Year ending June 30:	
2026	\$ (219,745)
2027	(342,745)
2028	(128,745)
2029	(110,125)
2030	(44,512)
Total	\$ (845,872)

9. Contingencies and Commitments

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City uses a combination of self- insurance and third-party insurance. The City is self-insured for general liability provided by the Arizona Municipal Risk Retention Pool.

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.

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.

City of Kingman, Arizona
Notes to the Financial Statements
June 30, 2025

Compliance

The City receives federal and state funding for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in disallowances under the terms of the grants. There are no required disbursements identified or recorded at the date of these financial statements.

Litigation

The City is party to various legal actions arising in the ordinary course of business, none of which is believed by the City's management to have a material impact on the financial condition of the City. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

Construction commitments

The City has active construction projects and related commitments. The projects include various remodels of city buildings, street projects, water, wastewater, and flood control projects. At year-end the City had approximately \$11,912,935 in commitments to contractors for construction projects.

10. Minimum Fund Balance Policy

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.

Financial Section
Required Supplementary Information



City of Kingman, Arizona
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Taxes:				
City tax revenue	\$ 28,671,480	\$ 28,671,480	\$ 30,687,552	\$ 2,016,072
Franchise taxes	1,115,425	1,115,425	1,178,083	62,658
Total taxes	29,786,905	29,786,905	31,865,635	2,078,730
Licenses permits and fees	972,452	972,452	955,351	(17,101)
Intergovernmental revenues:				
State sales tax	5,167,788	5,167,788	5,420,374	252,586
Smart and Safe AZ revenues	273,509	273,509	284,343	10,834
Urban revenue sharing	7,499,025	7,499,025	7,516,529	17,504
Auto lieu tax	2,840,366	2,840,366	3,101,185	260,819
Total intergovernmental revenues	15,780,688	15,780,688	16,322,431	541,743
Charges for services	2,286,836	2,286,836	2,417,028	130,192
Fines and forfeitures	285,534	285,534	371,331	85,797
Investment earnings	916,698	916,698	1,645,178	728,480
Other revenues:				
Rent income	34,493	34,493	61,532	27,039
Miscellaneous revenues	27,632	27,632	132,244	104,612
Total other revenues	62,125	62,125	193,776	131,651
Total revenues	50,091,238	50,091,238	53,770,730	3,679,492
Expenditures				
General government:				
Mayor and council	257,669	257,669	205,898	51,771
Finance	1,629,726	1,629,726	1,437,188	192,538
City clerk	442,464	442,464	404,323	38,141
City magistrate	1,900,963	1,900,963	1,800,883	100,080
City attorney	1,234,673	1,234,673	1,067,320	167,353
City manager	593,747	593,747	498,568	95,179
Development services	1,821,039	1,856,039	1,489,189	366,850
Risk management	337,685	337,685	314,807	22,878
Human resources	822,340	817,259	684,675	132,584
Non-departmental	66,000	66,000	-	66,000
Total general government	9,106,306	9,136,225	7,902,851	1,233,374
Public safety:				
Police administration	12,236,355	12,250,854	10,573,373	1,677,481
Fire	9,224,330	9,131,551	9,090,672	40,879
Total public safety	21,460,685	21,382,405	19,664,045	1,718,360

City of Kingman, Arizona
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual - General Fund (Continued)
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Culture and recreation:				
Parks	2,545,444	2,528,257	2,404,462	123,795
Recreation	678,270	678,270	646,041	32,229
Municipal golf course	1,811,865	1,820,500	1,795,466	25,034
Swimming	562,005	626,515	580,663	45,852
Total culture and recreation	<u>5,597,584</u>	<u>5,653,542</u>	<u>5,426,632</u>	<u>226,910</u>
Economic development:				
Economic development	735,034	735,034	693,503	41,531
Tourism development	1,504,755	1,444,755	1,343,889	100,866
Total economic development	<u>2,239,789</u>	<u>2,179,789</u>	<u>2,037,392</u>	<u>142,397</u>
Capital outlay	1,632,472	1,611,562	2,683,980	(1,072,418)
Debt service:				
Principal	1,387,094	1,302,315	637,536	664,779
Interest and fiscal charges	132,337	132,337	121,624	10,713
Total debt service	<u>1,519,431</u>	<u>1,434,652</u>	<u>759,160</u>	<u>675,492</u>
Contingency	1,050,000	1,001,547	-	1,001,547
Total expenditures	<u>42,606,267</u>	<u>42,399,722</u>	<u>38,474,060</u>	<u>3,925,662</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,484,971</u>	<u>7,691,516</u>	<u>15,296,670</u>	<u>7,605,154</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	92,302	92,302
Leases issued	-	-	582,790	582,790
Loans issued	792,750	792,750	655,298	(137,452)
Transfers in	3,750,510	3,750,510	3,532,476	(218,034)
Transfers out	(14,960,700)	(14,986,664)	(15,522,402)	(535,738)
Total other financing sources (uses)	<u>(10,417,440)</u>	<u>(10,443,404)</u>	<u>(10,659,536)</u>	<u>(216,132)</u>
Net Change in Fund Balances	(2,932,469)	(2,751,888)	4,637,134	7,389,022
Fund Balances (Deficit), Beginning	<u>38,075,895</u>	<u>38,075,895</u>	<u>38,075,895</u>	<u>-</u>
Fund Balances (Deficit), Ending	<u>\$ 35,143,426</u>	<u>\$ 35,324,007</u>	<u>\$ 42,713,029</u>	<u>\$ 7,389,022</u>

City of Kingman, Arizona
Statement of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual - HURF
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues				
Taxes	\$ 1,287,593	\$ 1,287,593	\$ 1,309,022	\$ 21,429
Intergovernmental	3,748,101	3,748,101	3,805,657	57,556
Investment earnings (loss)	321,673	321,673	538,378	216,705
Other revenues	5,000	5,000	34,374	29,374
	<u>5,362,367</u>	<u>5,362,367</u>	<u>5,687,431</u>	<u>325,064</u>
Expenditures				
Current:				
Highway and streets	11,745,997	6,471,540	5,772,766	698,774
Capital outlay	599,797	680,201	965,542	(285,341)
Debt service:				
Principal	303,148	303,148	90,714	212,434
Interest and fiscal charges	35,394	35,394	28,456	6,938
Contingency	250,000	250,000	-	250,000
	<u>12,934,336</u>	<u>7,740,283</u>	<u>6,857,478</u>	<u>882,805</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,571,969)</u>	<u>(2,377,916)</u>	<u>(1,170,047)</u>	<u>1,207,869</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	23,494	23,494
Loans issued	180,600	180,600	175,617	(4,983)
Transfers in	7,165,142	2,059,455	2,059,455	-
Transfers out	(648,829)	(1,037,135)	(944,910)	92,225
	<u>6,696,913</u>	<u>1,202,920</u>	<u>1,313,656</u>	<u>110,736</u>
Net Change in Fund Balances	(875,056)	(1,174,996)	143,609	1,318,605
Fund Balances, Beginning	<u>13,329,749</u>	<u>13,329,749</u>	<u>13,329,749</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 12,454,693</u>	<u>\$ 12,154,753</u>	<u>\$ 13,473,358</u>	<u>\$ 1,318,605</u>



City of Kingman, Arizona
Required Supplementary Information
Note to the Budgetary Comparison Schedules
For the Year Ended June 30, 2025

1. *Budgetary Basis of Accounting*

Arizona Revised Statutes requires the City to prepare and adopt a balanced budget annually for each governmental fund. The City Council must approve such operating budgets on or before the third Monday in July to allow sufficient time for the legal announcements and hearings required for the adoption of the property tax levy on the third Monday in August. Arizona Revised Statute prohibits expenditures or liabilities in excess of the amounts budgeted. Expenditures may not legally exceed appropriations at the fund level. In certain circumstances, transfers of appropriations between funds or from contingency accounts may be made upon the City Councils approval. The City's budget is prepared on a basis consistent with generally accepted accounting principles.

City of Kingman, Arizona
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension/OPEB (Asset)/Liability
Cost Sharing Plan
June 30, 2025

ASRS, Pension	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
City's proportionate of the net pension liability	0.11982%	0.10933%	0.10801%	0.10832%
City's proportionate share of the net pension liability	\$ 19,173,004	\$ 17,691,174	\$ 17,629,631	\$ 14,232,767
City's covered payroll	\$ 16,350,495	\$ 13,935,119	\$ 12,599,217	\$ 12,012,506
City's proportionate share of the net pension liability as a percentage of covered payroll	117.26%	126.95%	139.93%	118.48%
Plan fiduciary net position as a percentage of the total pension liability	76.93%	75.47%	74.26%	78.58%

ASRS, Health Insurance Premium Benefit	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
City's proportionate of the net OPEB (asset)	0.12239%	0.11150%	0.11046%	0.11016%
City's proportionate share of the net OPEB (asset)	\$ (739,515)	\$ (602,019)	\$ (614,801)	\$ (538,170)
City's covered payroll	\$ 16,350,495	\$ 13,935,119	\$ 12,599,217	\$ 12,012,506
City's proportionate share of the net OPEB (asset) as a percentage of covered payroll	-4.52%	-4.32%	-4.88%	-4.48%
Plan fiduciary net position as a percentage of the total OPEB liability	137.51%	137.37%	137.79%	130.24%

ASRS, Long-Term Disability	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
City's proportionate of the net OPEB liability	0.12117%	0.11020%	0.12204%	0.10941%
City's proportionate share of the net OPEB liability	\$ 3,159	\$ 14,440	\$ 10,049	\$ 22,585
City's covered payroll	\$ 16,350,495	\$ 13,935,119	\$ 12,599,217	\$ 12,012,506
City's proportionate share of the net OPEB liability as a percentage of covered payroll	0.02%	0.10%	0.08%	0.19%
Plan fiduciary net position as a percentage of the total OPEB liability	98.77%	93.70%	95.40%	90.38%

Note: GASB Statement No. 75 requires 10 years of OPEB data to be provided in this schedule. As of June 30, 2024 (measurement date), years for which information is available are included above and additional years will be added in the future as the information becomes available.

	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
	0.11327%	0.11205%	0.10800%	0.10956%	0.10560%	0.10275%
\$	19,625,749	\$ 16,304,579	\$ 15,062,199	\$ 17,067,312	\$ 17,044,901	\$ 16,004,044
\$	12,297,424	\$ 11,672,520	\$ 10,678,528	\$ 10,646,985	\$ 9,806,540	\$ 9,476,307
	159.59%	139.68%	141.05%	160.30%	173.81%	168.88%
	69.33%	73.24%	73.40%	69.92%	67.06%	68.35%

	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
	0.11534%	0.11428%	0.10937%	0.11086%	0.11086%
\$	(81,660)	\$ (31,582)	\$ (39,383)	\$ (60,352)	\$ 32,056
\$	12,297,424	\$ 11,672,520	\$ 10,678,528	\$ 10,646,985	\$ 9,806,540
	-0.66%	-0.27%	-0.37%	-0.57%	0.33%
	104.33%	101.62%	102.20%	103.57%	98.02%

	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)
	0.11441%	0.11344%	0.10819%	0.10990%	0.10990%
\$	86,793	\$ 73,900	\$ 56,530	\$ 39,836	\$ 39,494
\$	12,297,424	\$ 11,672,520	\$ 10,678,528	\$ 10,646,985	\$ 9,806,540
	0.71%	0.63%	0.53%	0.37%	0.40%
	68.01%	72.85%	77.83%	84.44%	85.17%

City of Kingman, Arizona
Required Supplementary Information
Schedule of Changes in the City's Net Pension/OPEB (Asset)/Liability
and Related Ratios
Agent Multi-Employer Defined Benefit Pension Plan
June 30, 2025

City of Kingman Fire, Pension Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
Total Pension Liability				
Service cost	\$ 519,683	\$ 531,711	\$ 613,888	\$ 617,379
Interest on the total pension liability	2,924,580	2,774,448	2,635,445	2,556,521
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	3,241,406	894,578	639,561	(203,782)
Changes of assumptions or other inputs	-	-	711,910	-
Benefit payments, including refunds of employee contributions	(2,021,292)	(2,185,803)	(1,987,428)	(1,783,519)
Net Change in Total Pension Liability	4,664,377	2,014,934	2,613,376	1,186,599
Total Pension Liability - Beginning	41,110,124	39,095,190	36,481,814	35,295,215
Total Pension Liability - Ending (a)	<u>\$ 45,774,501</u>	<u>\$ 41,110,124</u>	<u>\$ 39,095,190</u>	<u>\$ 36,481,814</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 566,108	\$ 478,341	\$ 17,209,097	\$ 2,096,045
Contributions - employee	226,645	209,475	220,655	245,138
Net investment income (loss)	4,082,625	2,950,054	(1,643,631)	5,684,260
Benefit payments, including refunds of employee contributions	(2,021,292)	(2,185,803)	(1,987,428)	(1,783,519)
Hall/Parker settlement	-	-	-	-
Administrative expense	(19,753)	(16,007)	(29,506)	(26,645)
Other changes	-	(1,341)	-	(194,956)
Net Change in Plan Fiduciary Net Position	2,834,333	1,434,719	13,769,187	6,020,323
Plan Fiduciary Net Position - Beginning	40,276,042	38,841,323	25,072,136	19,051,813
Plan Fiduciary Net Position - Ending (b)	<u>\$ 43,110,375</u>	<u>\$ 40,276,042</u>	<u>\$ 38,841,323</u>	<u>\$ 25,072,136</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,664,126</u>	<u>\$ 834,082</u>	<u>\$ 253,867</u>	<u>\$ 11,409,678</u>

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
\$ 570,668	\$ 611,856	\$ 611,037	\$ 685,162	\$ 587,794	\$ 505,581
2,419,461	2,344,406	2,144,369	2,077,486	1,955,000	1,822,196
-	-	-	224,128	1,885,581	-
558,102	(450,668)	1,205,960	(1,129,689)	(693,984)	962,142
-	639,407	-	1,323,397	1,002,245	-
<u>(1,651,304)</u>	<u>(1,632,041)</u>	<u>(1,496,957)</u>	<u>(2,233,602)</u>	<u>(1,746,310)</u>	<u>(1,532,221)</u>
1,896,927	1,512,960	2,464,409	946,882	2,990,326	1,757,698
<u>33,398,288</u>	<u>31,885,328</u>	<u>29,420,919</u>	<u>28,474,037</u>	<u>25,483,711</u>	<u>23,726,013</u>
<u>\$ 35,295,215</u>	<u>\$ 33,398,288</u>	<u>\$ 31,885,328</u>	<u>\$ 29,420,919</u>	<u>\$ 28,474,037</u>	<u>\$ 25,483,711</u>
\$ 3,680,667	\$ 1,338,456	\$ 1,394,347	\$ 1,255,347	\$ 1,003,890	\$ 640,170
249,905	215,651	273,808	336,076	341,001	363,567
241,703	893,123	1,029,003	1,614,633	82,081	517,476
(1,651,304)	(1,632,041)	(1,496,957)	(2,233,602)	(1,746,310)	(1,532,221)
-	-	(460,772)	-	-	-
(19,903)	(16,522)	(16,361)	(14,687)	(12,211)	(13,008)
<u>6,691</u>	<u>(1,468)</u>	<u>(22,425)</u>	<u>194</u>	<u>120,979</u>	<u>(11,598)</u>
2,507,759	797,199	700,643	957,961	(210,570)	(35,614)
<u>16,544,053</u>	<u>15,746,854</u>	<u>15,046,211</u>	<u>14,088,250</u>	<u>14,298,820</u>	<u>14,334,434</u>
<u>\$ 19,051,812</u>	<u>\$ 16,544,053</u>	<u>\$ 15,746,854</u>	<u>\$ 15,046,211</u>	<u>\$ 14,088,250</u>	<u>\$ 14,298,820</u>
<u>\$ 16,243,403</u>	<u>\$ 16,854,235</u>	<u>\$ 16,138,474</u>	<u>\$ 14,374,708</u>	<u>\$ 14,385,787</u>	<u>\$ 11,184,891</u>

City of Kingman, Arizona
Required Supplementary Information
Schedule of Changes in the City's Net Pension/OPEB (Asset)/Liability
and Related Ratios
Agent Multi-Employer Defined Benefit Pension Plan
June 30, 2025

City of Kingman Fire, Health Insurance Premium Benefit Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
Total OPEB Liability				
Service cost	\$ 10,928	\$ 11,940	\$ 14,553	\$ 14,789
Interest on the total OPEB liability	37,878	40,967	45,058	47,876
Benefit changes	-	-	-	-
Difference between expected and actual experience	(12,166)	(67,041)	(91,298)	(77,335)
Assumption changes	-	-	14,794	-
Benefit payments, including refunds of employee contributions	(20,751)	(34,776)	(22,708)	(24,694)
Net Change in Total OPEB Liability	15,889	(48,910)	(39,601)	(39,364)
Total OPEB Liability - Beginning	525,525	574,435	614,036	653,400
Total OPEB Liability - Ending (a)	<u>\$ 541,414</u>	<u>\$ 525,525</u>	<u>\$ 574,435</u>	<u>\$ 614,036</u>
Plan Fiduciary Net Position				
Employer contributions	\$ -	\$ -	\$ 2,261	\$ 4,696
Net investment Income (loss)	89,229	64,238	(35,878)	201,089
Benefit payments, including refunds of employee contributions	(20,751)	(34,776)	(22,708)	(24,694)
OPEB plan administrative expense	(387)	(369)	(639)	(827)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	68,091	29,093	(56,964)	180,264
Plan Fiduciary Net Position - Beginning	889,531	860,438	917,402	737,138
Plan Fiduciary Net Position - Ending (b)	<u>\$ 957,622</u>	<u>\$ 889,531</u>	<u>\$ 860,438</u>	<u>\$ 917,402</u>
Net OPEB (Asset)/Liability - Ending (a) – (b)	<u>\$ (416,208)</u>	<u>\$ (364,006)</u>	<u>\$ (286,003)</u>	<u>\$ (303,366)</u>

Note: GASB Statement No. 75 requires 10 years of data to be provided in this schedule. As of June 30, 2024 (measurement date), years for which information is available are included above and additional years will be added in the future as the information becomes available.

	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
\$	14,741	\$ 10,967	\$ 11,248	\$ 11,588
	46,166	38,201	37,574	41,306
	-	-	-	2,402
	(3,981)	72,075	(23,467)	(68,929)
	-	6,875	-	(8,646)
	<u>(25,298)</u>	<u>(23,215)</u>	<u>(21,241)</u>	<u>(19,831)</u>
	31,628	104,903	4,114	(42,110)
	<u>621,772</u>	<u>516,869</u>	<u>512,755</u>	<u>554,865</u>
\$	<u>653,400</u>	<u>621,772</u>	<u>516,869</u>	<u>512,755</u>
\$	-	\$ (25)	\$ 643	\$ 307
	9,429	39,378	48,926	75,986
	(25,298)	(23,215)	(21,241)	(19,831)
	(767)	(680)	(745)	(673)
	-	1,468	1	-
	<u>(16,636)</u>	<u>16,926</u>	<u>27,584</u>	<u>55,789</u>
	<u>753,774</u>	<u>736,848</u>	<u>709,264</u>	<u>653,475</u>
\$	<u>737,138</u>	<u>753,774</u>	<u>736,848</u>	<u>709,264</u>
\$	<u>(83,738)</u>	<u>(132,002)</u>	<u>(219,979)</u>	<u>(196,509)</u>

City of Kingman, Arizona
Required Supplementary Information
Schedule of Changes in the City's Net Pension/OPEB (Asset)/Liability
and Related Ratios
Agent Multi-Employer Defined Benefit Pension Plan
June 30, 2025

City of Kingman Police, Pension Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
Total Pension Liability				
Service cost	\$ 418,651	\$ 414,556	\$ 410,066	\$ 442,763
Interest on the total pension liability	2,807,078	2,636,099	2,558,112	2,455,171
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the pension liability	1,718,663	1,431,446	143,727	216,326
Changes of assumptions or other inputs	-	-	521,449	-
Benefit payments, including refunds of employee contributions	(1,928,374)	(2,294,588)	(1,841,387)	(1,501,436)
Net Change in Total Pension Liability	3,016,018	2,187,513	1,791,967	1,612,824
Total Pension Liability - Beginning	39,532,735	37,345,222	35,553,255	33,940,431
Total Pension Liability - Ending (a)	<u>\$ 42,548,753</u>	<u>\$ 39,532,735</u>	<u>\$ 37,345,222</u>	<u>\$ 35,553,255</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 345,864	\$ 309,481	\$ 16,951,952	\$ 1,978,908
Contributions - employee	178,420	206,214	198,744	310,761
Net investment income (loss)	3,917,447	2,843,785	(1,600,963)	5,399,221
Benefit payments, including refunds of employee contributions	(1,928,374)	(2,294,588)	(1,841,387)	(1,501,436)
Hall/Parker settlement	-	-	-	-
Administrative expense	(21,229)	(17,013)	(28,730)	(25,159)
Other changes	-	-	-	-
Net Change in Plan Fiduciary Net Position	2,492,128	1,047,879	13,679,616	6,162,295
Plan Fiduciary Net Position - Beginning	38,844,158	37,796,279	24,116,663	17,954,368
Plan Fiduciary Net Position - Ending (b)	<u>\$ 41,336,286</u>	<u>\$ 38,844,158</u>	<u>\$ 37,796,279</u>	<u>\$ 24,116,663</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 1,212,467</u>	<u>\$ 688,577</u>	<u>\$ (451,057)</u>	<u>\$ 11,436,592</u>

	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
\$	485,777	\$ 586,388	\$ 591,271	\$ 726,713	\$ 570,202	\$ 543,682
	2,258,119	2,177,034	2,079,909	1,913,281	1,792,276	1,749,059
	-	-	-	374,740	794,241	-
	1,570,787	37,743	(167,221)	(2,783)	(193,568)	(344,346)
	-	504,897	-	838,312	956,123	-
	<u>(1,643,235)</u>	<u>(1,740,148)</u>	<u>(1,224,253)</u>	<u>(1,147,914)</u>	<u>(1,489,405)</u>	<u>(1,332,843)</u>
	2,671,448	1,565,914	1,279,706	2,702,349	2,429,869	615,552
	<u>31,268,983</u>	<u>29,703,069</u>	<u>28,423,363</u>	<u>25,721,014</u>	<u>23,291,145</u>	<u>22,675,593</u>
\$	<u>33,940,431</u>	<u>\$ 31,268,983</u>	<u>\$ 29,703,069</u>	<u>\$ 28,423,363</u>	<u>\$ 25,721,014</u>	<u>\$ 23,291,145</u>
\$	3,747,089	\$ 1,354,730	\$ 1,354,339	\$ 1,249,425	\$ 1,160,861	\$ 796,097
	227,957	221,606	293,953	371,649	384,936	335,245
	229,554	850,099	956,436	1,431,871	67,582	420,465
	(1,643,235)	(1,740,148)	(1,224,253)	(1,147,914)	(1,489,405)	(1,332,843)
	-	-	(431,372)	-	-	-
	(18,906)	(15,768)	(15,257)	(13,070)	(10,126)	(10,641)
	<u>(1,414)</u>	<u>(8,462)</u>	<u>164</u>	<u>157</u>	<u>822</u>	<u>(38,349)</u>
	2,541,045	662,057	934,010	1,892,118	114,670	169,974
	<u>15,413,323</u>	<u>14,751,266</u>	<u>13,817,256</u>	<u>11,925,138</u>	<u>11,810,468</u>	<u>11,640,494</u>
\$	<u>17,954,368</u>	<u>\$ 15,413,323</u>	<u>\$ 14,751,266</u>	<u>\$ 13,817,256</u>	<u>\$ 11,925,138</u>	<u>\$ 11,810,468</u>
\$	<u>15,986,063</u>	<u>\$ 15,855,660</u>	<u>\$ 14,951,803</u>	<u>\$ 14,606,107</u>	<u>\$ 13,795,876</u>	<u>\$ 11,480,677</u>

City of Kingman, Arizona
Required Supplementary Information
Schedule of Changes in the City's Net Pension/OPEB (Asset)/Liability
and Related Ratios
Agent Multi-Employer Defined Benefit Pension Plan
June 30, 2025

City of Kingman Police, Health Insurance
Premium Benefit
Public Safety Personnel Retirement System

Reporting Fiscal Year
(Measurement Date)

	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
Total OPEB Liability				
Service cost	\$ 10,155	\$ 10,768	\$ 10,967	\$ 12,104
Interest on the total OPEB liability	37,434	40,568	41,178	45,668
Benefit changes	-	-	-	-
Difference between expected and actual experience	(41,809)	(69,974)	(33,093)	(93,865)
Assumption changes	-	-	5,255	-
Benefit payments, including refunds of employee contributions	(24,323)	(24,205)	(25,308)	(23,227)
Net Change in Total OPEB Liability	(18,543)	(42,843)	(1,001)	(59,320)
Total OPEB Liability - Beginning	521,929	564,772	565,773	625,093
Total OPEB Liability - Ending (a)	<u>\$ 503,386</u>	<u>\$ 521,929</u>	<u>\$ 564,772</u>	<u>\$ 565,773</u>
Plan Fiduciary Net Position				
Employer contributions	\$ -	\$ -	\$ 5,694	\$ 12,979
Employee contributions	-	-	-	-
Net investment income (loss)	78,232	56,558	(31,314)	173,888
Benefit payments, including refunds of employee contributions	(24,323)	(24,205)	(25,308)	(23,227)
OPEB plan administrative expense	(380)	(358)	(557)	(715)
Other	-	-	-	-
Net Change in Plan Fiduciary Net Position	53,529	31,995	(51,485)	162,925
Plan Fiduciary Net Position - Beginning	783,754	751,759	803,244	640,319
Plan Fiduciary Net Position - Ending (b)	<u>\$ 837,283</u>	<u>\$ 783,754</u>	<u>\$ 751,759</u>	<u>\$ 803,244</u>
Net OPEB (Asset)/Liability - Ending (a) – (b)	<u>\$ (333,897)</u>	<u>\$ (261,825)</u>	<u>\$ (186,987)</u>	<u>\$ (237,471)</u>

Note: GASB Statement No. 75 requires 10 years of data to be provided in this schedule. As of June 30, 2024 (measurement date), years for which information is available are included above and additional years will be added in the future as the information becomes available.

	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
\$	14,161	\$ 11,099	\$ 11,099	\$ 13,397
	49,753	49,905	44,992	38,216
	-	-	-	1,036
	(84,504)	(43,060)	31,746	97,270
	-	5,406	-	(24,274)
	<u>(24,980)</u>	<u>(31,973)</u>	<u>(22,003)</u>	<u>(30,088)</u>
	(45,570)	(8,623)	65,834	95,557
	<u>670,663</u>	<u>679,286</u>	<u>613,452</u>	<u>517,895</u>
\$	<u>625,093</u>	<u>670,663</u>	<u>679,286</u>	<u>613,452</u>
\$	11,936	\$ 10,479	\$ 4,476	\$ 7,773
	-	-	-	-
	8,050	33,318	41,573	64,655
	(24,980)	(31,973)	(22,003)	(30,088)
	(655)	(575)	(633)	(572)
	-	8,463	(1)	-
	<u>(5,649)</u>	<u>19,712</u>	<u>23,412</u>	<u>41,768</u>
	<u>645,968</u>	<u>626,256</u>	<u>602,844</u>	<u>561,076</u>
\$	<u>640,319</u>	<u>645,968</u>	<u>626,256</u>	<u>602,844</u>
\$	<u>(15,226)</u>	<u>24,695</u>	<u>53,030</u>	<u>10,608</u>

City of Kingman, Arizona
Required Supplementary Information
Schedule of Changes in the City's Net Pension/OPEB (Asset)/Liability
and Related Ratios
Agent Multi-Employer Defined Benefit Pension Plan
June 30, 2025

City of Kingman Fire, Pension Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	94.18%	97.97%	99.35%	68.73%
Covered Payroll	\$ 3,111,132	\$ 2,269,698	\$ 2,759,837	\$ 3,608,962
City's Net Pension Liability as a Percentage of Covered Payroll	85.63%	36.75%	9.20%	316.15%

City of Kingman Fire, Health Insurance Premium Benefit Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.87%	169.27%	149.79%	149.41%
Covered Payroll	\$ 3,111,132	\$ 2,269,698	\$ 2,759,837	\$ 3,608,962
City's Net OPEB Asset as a Percentage of Covered Payroll	-13.38%	-16.04%	-10.36%	-8.41%

City of Kingman Police, Pension Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.15%	98.26%	101.21%	67.83%
Covered Payroll	\$ 2,309,062	\$ 2,169,429	\$ 2,224,574	\$ 3,786,111
City's Net Pension Liability as a Percentage of Covered Payroll	52.51%	31.74%	-20.28%	302.07%

City of Kingman Police, Health Insurance Premium Benefit Public Safety Personnel Retirement System	Reporting Fiscal Year (Measurement Date)			
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	166.33%	150.16%	133.11%	141.97%
Covered Payroll	\$ 2,309,062	\$ 2,169,429	\$ 2,224,574	\$ 3,786,111
City's Net OPEB Asset as a Percentage of Covered Payroll	-14.46%	-12.07%	-8.41%	-6.27%

Note: GASB Statement No. 75 requires 10 years of OPEB data to be provided in this schedule. As of June 30, 2024 (measurement date), years for which information is available are included above and additional years will be added in the future as the information becomes available.

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
53.98%	49.54%	49.39%	49.39%	51.14%	49.48%
\$ 2,875,720	\$ 2,555,429	\$ 2,811,951	\$ 2,971,215	\$ 3,047,143	\$ 2,447,577
564.85%	659.55%	573.92%	543.16%	471.74%	587.76%

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
112.82%	121.23%	142.56%	138.32%
\$ 2,875,720	\$ 2,555,429	\$ 2,811,951	\$ 2,971,215
-3.28%	-5.17%	-7.82%	-6.61%

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
52.90%	49.29%	49.66%	49.66%	48.61%	46.36%
\$ 2,927,130	\$ 2,570,193	\$ 2,999,853	\$ 3,267,595	\$ 3,059,023	\$ 2,823,863
546.13%	616.91%	498.42%	457.58%	477.48%	488.55%

2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)
102.44%	96.32%	92.00%	98.27%
\$ 2,927,130	\$ 2,570,193	\$ 2,999,853	\$ 3,267,595
-0.52%	0.96%	1.77%	0.32%

City of Kingman, Arizona
Required Supplementary Information
Schedule of Changes in the City's Net OPEB Liability
and Related Ratios
Single Employer OPEB Plan
June 30, 2025

City of Kingman Single Employer OPEB Plan	Reporting Fiscal Year (Measurement Date)		
	2025	2024	2023
	(2024)	(2023)	(2022)
Total OPEB Liability			
Service cost	\$ 96,896	\$ 89,538	\$ 83,000
Interest on the total pension liability	129,915	130,505	123,000
Differences between expected and actual experience in the measurement of the pension liability	-	227,469	-
Changes of assumptions or other inputs	(322,710)	(622,482)	(30,000)
Benefit payments, including refunds of employee contributions	(120,146)	(84,135)	(154,000)
Net Change in Total OPEB Liability	(216,045)	(259,105)	22,000
Total OPEB Liability - Beginning	<u>3,268,895</u>	<u>3,528,000</u>	<u>3,506,000</u>
Total OPEB Liability - Ending (a)	<u>\$ 3,052,850</u>	<u>\$ 3,268,895</u>	<u>\$ 3,528,000</u>

Note: GASB Statement No. 75 requires 10 years of data to be provided in this schedule. As of June 30, 2024 (measurement date), years for which information is available are included above and additional years will be added in the future as the information becomes available.

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
\$	117,000	\$ 126,000	\$ 159,000	\$ 159,000
	105,000	152,000	142,000	142,000
	(518,000)	244,000	-	-
	(801,000)	561,000	-	(90,000)
	<u>(217,000)</u>	<u>(264,000)</u>	<u>(303,000)</u>	<u>(213,000)</u>
	(1,314,000)	819,000	(2,000)	(2,000)
	<u>4,820,000</u>	<u>4,001,000</u>	<u>4,003,000</u>	<u>4,005,000</u>
\$	<u>3,506,000</u>	<u>4,820,000</u>	<u>4,001,000</u>	<u>4,003,000</u>

City of Kingman, Arizona
Required Supplementary Information
Schedule of City Pension/OPEB Contributions
June 30, 2025

ASRS, Pension	Reporting Fiscal Year			
	2025	2024	2023	2022
Actuarially determined contribution	\$ 2,127,873	\$ 1,938,954	\$ 1,693,665	\$ 1,513,166
City's contributions in relation to the actuarially determined contribution	<u>2,127,873</u>	<u>1,938,954</u>	<u>1,693,665</u>	<u>1,513,166</u>
City's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 17,342,078	\$ 14,208,599	\$ 14,208,599	\$ 12,599,217
City's contributions as a percentage of covered-payroll	12.27%	12.03%	11.92%	12.01%

ASRS, Health Insurance Premium Benefit	Reporting Fiscal Year			
	2025	2024	2023	2022
Actuarially determined contribution	\$ 9,504	\$ 17,733	\$ 15,629	\$ 26,458
City's contributions in relation to the actuarially determined contribution	<u>9,504</u>	<u>17,733</u>	<u>15,629</u>	<u>26,458</u>
City's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 17,342,078	\$ 14,208,599	\$ 14,208,599	\$ 12,599,217
City's contributions as a percentage of covered-payroll	0.05%	0.11%	0.11%	0.21%

ASRS, Long-Term Disability	Reporting Fiscal Year			
	2025	2024	2023	2022
Actuarially determined contribution	\$ 25,381	\$ 24,078	\$ 19,892	\$ 23,939
City's contributions in relation to the actuarially determined contribution	<u>25,381</u>	<u>24,078</u>	<u>19,892</u>	<u>23,939</u>
City's contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 17,342,078	\$ 16,116,884	\$ 14,208,599	\$ 12,599,217
City's contributions as a percentage of covered-payroll	0.15%	0.14%	0.14%	0.19%

Note: GASB Statement No. 68 and 75 requires 10 years of data to be provided in this schedule. As of June 30, 2024, years for which information is available are included above and additional years will be added in the future as the information becomes available.

2021	2020	2019	2018	2017	2016
\$ 1,399,457	\$ 1,408,055	\$ 1,304,988	\$ 1,174,702	\$ 1,160,523	\$ 1,058,827
<u>1,399,457</u>	<u>1,408,055</u>	<u>1,304,988</u>	<u>1,174,702</u>	<u>1,160,523</u>	<u>1,058,827</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,012,506	\$ 12,297,424	\$ 11,672,520	\$ 10,678,528	\$ 10,646,985	\$ 9,806,540
11.65%	11.45%	11.18%	11.00%	10.90%	10.80%

2021	2020	2019	2018	2017
\$ 47,238	\$ 60,257	\$ 53,694	\$ 47,419	\$ 59,682
<u>47,238</u>	<u>60,257</u>	<u>53,694</u>	<u>47,419</u>	<u>59,682</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,012,506	\$ 12,297,424	\$ 11,672,520	\$ 10,678,528	\$ 10,646,985
0.39%	0.49%	0.46%	0.44%	0.56%

2021	2020	2019	2018	2017
\$ 21,802	\$ 20,906	\$ 18,676	\$ 17,243	\$ 14,947
<u>21,802</u>	<u>20,906</u>	<u>18,676</u>	<u>17,243</u>	<u>14,947</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,012,506	\$ 12,297,424	\$ 11,672,520	\$ 10,678,528	\$ 10,646,985
0.18%	0.17%	0.16%	0.16%	0.14%

City of Kingman, Arizona
Required Supplementary Information
Schedule of City Pension/OPEB Contributions
June 30, 2025

City of Kingman Fire, Pension Public Safety Personnel Retirement System	Reporting Fiscal Year			
	2025	2024	2023	2022
Actuarially determined contribution	\$ 455,474	\$ 420,823	\$ 401,689	\$ 704,088
City's contributions in relation to the actuarially determined contribution	\$ 455,474	\$ 420,823	\$ 401,689	\$ 17,400,342
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (16,696,254)
City's covered payroll	\$ 3,563,959	\$ 3,060,531	\$ 2,362,981	\$ 2,759,837
City's contributions as a percentage of covered-payroll	12.78%	13.75%	17.00%	630.48%
City of Kingman Fire, Health Insurance Premium Benefit Public Safety Personnel Retirement System	Reporting Fiscal Year			
	2025	2024	2023	2022
Actuarially determined contribution	\$ -	\$ -	\$ 1,318	\$ 3,219
City's contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ 1,318	\$ 3,219
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,111,132	\$ 3,478,844	\$ 2,362,981	\$ 2,759,837
City's contributions as a percentage of covered-payroll	0.00%	0.00%	0.00%	0.09%
City of Kingman Police, Pension Public Safety Personnel Retirement System	Reporting Fiscal Year			
	2025	2024	2023	2022
Actuarially determined contribution	\$ 399,916	\$ 369,748	\$ 327,415	\$ 598,997
City's contributions in relation to the actuarially determined contribution	\$ 399,916	\$ 369,748	\$ 327,415	\$ 17,239,282
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (16,640,285)
City's covered payroll	\$ 3,772,792	\$ 3,524,766	\$ 2,188,822	\$ 2,224,574
City's contributions as a percentage of covered-payroll	10.60%	10.49%	14.96%	774.95%
City of Kingman Police, Health Insurance Premium Benefit Public Safety Personnel Retirement System	Reporting Fiscal Year			
	2025	2024	2023	2022
Actuarially determined contribution	\$ -	\$ -	\$ 1,415	\$ 4,664
City's contributions in relation to the actuarially determined contribution	\$ -	\$ -	\$ 1,415	\$ 4,664
City's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,309,062	\$ 2,950,248	\$ 2,188,822	\$ 1,865,600
City's contributions as a percentage of covered-payroll	0.00%	0.00%	0.00%	0.25%

Note: GASB Statement No. 68 and 75 requires 10 years of OPEB data to be provided in this schedule. As of June 30, 2025, years for which information is available are included above and additional years will be added in the future as the information becomes available.

	2021	2020	2019	2018	2017	2016
\$	2,092,837	\$ 1,560,653	\$ 1,338,456	\$ 1,394,347	\$ 1,255,347	\$ 1,003,890
\$	2,092,837	\$ 3,176,401	\$ 1,338,456	\$ 1,394,347	\$ 1,255,347	\$ 1,003,890
\$	-	\$ (1,615,748)	\$ -	\$ -	\$ -	\$ -
\$	3,608,962	\$ 2,875,720	\$ 2,555,429	\$ 2,811,951	\$ 2,971,215	\$ 3,047,143
	57.99%	110.46%	52.38%	49.59%	42.25%	32.95%

	2021	2020	2019	2018	2017
\$	5,326	\$ -	\$ -	\$ 2,307	\$ 307
\$	5,326	\$ -	\$ -	\$ 2,307	\$ 307
\$	-	\$ -	\$ -	\$ -	\$ -
\$	3,608,962	\$ 2,875,720	\$ 2,555,429	\$ 2,811,951	\$ 2,971,215
	0.17%	0.00%	0.00%	0.08%	0.01%

	2021	2020	2019	2018	2017	2016
\$	2,032,006	\$ 1,394,192	\$ 1,354,730	\$ 1,354,339	\$ 1,249,425	\$ 1,160,861
\$	2,032,006	\$ 2,943,253	\$ 1,354,730	\$ 1,354,339	\$ 1,249,425	\$ 1,160,861
\$	-	\$ (1,549,061)	\$ -	\$ -	\$ -	\$ -
\$	3,786,111	\$ 2,927,130	\$ 2,570,193	\$ 2,999,853	\$ 3,267,595	\$ 3,059,023
	53.67%	100.55%	52.71%	45.15%	38.24%	37.95%

	2021	2020	2019	2018	2017
\$	20,282	\$ 13,465	\$ 10,479	\$ 4,476	\$ 7,773
\$	20,282	\$ 13,465	\$ 10,479	\$ 4,476	\$ 7,773
\$	-	\$ -	\$ -	\$ -	\$ -
\$	3,755,926	\$ 2,927,130	\$ 2,570,193	\$ 299,983	\$ 3,267,595
	0.54%	0.46%	0.41%	0.15%	0.24%

City of Kingman, Arizona
Required Supplementary Information
Notes to the Pension/OPEB Plan Schedules
June 30, 2025

1. Actuarially Determined Contribution Rates

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

Actuarial cost method	Entry Age normal
Amortization method	Level percent-of-pay, closed
Remaining amortization period	19 years for underfunded 20 years for overfunded
Asset valuation method	7 year smoothed fair value; 80%/120% market corridor
Actuarial assumptions: Investment rate of return	In the 2023 actuarial valuation, the investment rate of return decreased from 7.3% to 7.2%. In the 2019 actuarial valuation, the investment rate of return was decreased from 7.4% to 7.3%. In the 2017, actuarial valuation, the investment rate of return was decreased from 7.5% to 7.3%. In the 2016 actuarial valuation, the investment rate of return was decreased from 7.85% to 7.5%. In the 2014 actuarial valuation, the investment rate of return was decreased from 8.0% to 7.85%.
Projected salary increases	In the 2017, actuarial valuation, projected salary increase were decreased from 4.0%-8.0% to 3.5% to 7.5% for PSPRS. In the 2014 actuarial valuation, projected salary increases were decreased from 4.5% to 8.5% to 4.0% to 8.0% for PSPRS. In the 2013 actuarial valuation, projected salary increases were decreased from 5.0% to 9.0% to 4.5% to 8.5% for PSPRS.
Wage growth	In the 2017 actuarial valuation, wage growth was decreased decreased with 4.0% to 3.5% for PSPRS. In the 2014 actuarial valuation, wage growth was decreased from 4.5% to 4.0% for PSPRS. In the 2013 actuarial valuation, wage growth was decreased form 5.0% to 4.5% for PSPRS.
Retirement age	Experience based table of rates that is specific to the type of eligibility condition. Last updated for the 2012 valuation pursuant to an experience study of the period July 1, 2006 - June 30, 2011.
Mortality	In the 2019 actuarial valuation, changed to PubS-2010 tables, with 75% of MP-2016 fully generational projection scales. RP-2000 mortality table (adjusted by 105% for both males and females)

City of Kingman, Arizona
Required Supplementary Information
Notes to the Pension/OPEB Plan Schedules
June 30, 2025

2. Factors That Affect Trends

Arizona courts have ruled that provisions of a 2011 law that changed the mechanism for funding permanent pension benefit increases and increased employee pension contribution rates were unconstitutional or a breach of contract because those provisions apply to individuals who were members as of the law's effective date. As a result, the PSPRS changed benefit terms to reflect the prior mechanism for funding permanent benefit increases for those members and revised actuarial assumptions to explicitly value future permanent benefit increases. PSPRS also reduced those members' employee contribution rates. These changes are reflected in the plans' pension liabilities for fiscal year 2015 (measurement date 2014) for members who were retired as of the law's effective date and fiscal year 2018 (measurement date 2017) for members who retired or will retire after the law's effective date. These changes also increased the PSPRS- required pension contributions beginning in fiscal year 2016 for members who were retired as of the law's effective date. These changes increased the PSPRS- required contributions beginning in fiscal year 2019 for members who retired or will retire after the law's effective date. Also, the City refunded excess employee contributions to PSPRS members. PSPRS allowed the City to reduce its actual employer contributions for the refund amounts. As a result, the City's pension contributions were less than the actuarially or statutorily determined contributions for 2018 and 2019.

3. Other Post Employment Benefit, Single Employer Plan

The plan has no assets accumulated in a trust that meets the criteria of GASB codification to pay related benefits for the OPEB plan. The City does not contribute funds to a separate trust account for funding future benefits. As a result, the market value and actuarial value of assets are zero.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2019	3.87%
2020	2.21%
2021	2.21%
2022	3.54%
2023	3.65%
2024	3.93%
2025	5.20%



Supplementary Information
Budgetary Comparison Schedules
Capital Projects Funds

City of Kingman, Arizona
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual - Capital Projects
For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ 884,842	\$ 884,842	\$ 891,625	\$ 6,783
Intergovernmental	1,334,339	1,334,339	1,191,051	(143,288)
Investment earnings (loss)	679,937	679,937	394,551	(285,386)
Other revenues	556,780	556,780	2,000	(554,780)
Total revenues	<u>3,455,898</u>	<u>3,455,898</u>	<u>2,479,227</u>	<u>(976,671)</u>
Expenditures				
Current:				
Culture and recreation	110,000	110,000	-	110,000
Highway and streets	150,000	99,800	632,908	(533,108)
Capital outlay	18,031,585	15,375,993	4,632,251	10,743,742
Bond issuance costs	-	-	84,800	(84,800)
Contingency	250,000	250,000	-	250,000
Total expenditures	<u>18,541,585</u>	<u>15,835,793</u>	<u>5,349,959</u>	<u>10,485,834</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,085,687)</u>	<u>(12,379,895)</u>	<u>(2,870,732)</u>	<u>9,509,163</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	923,661	923,661
Bonds issued	-	-	3,145,000	3,145,000
Premium on bonds issued	-	-	107,573	107,573
Transfers in	5,043,828	5,099,759	5,471,647	371,888
Transfers out	(12,572,600)	(12,572,600)	(362,899)	12,209,701
Total other financing sources (uses)	<u>(7,528,772)</u>	<u>(7,472,841)</u>	<u>9,284,982</u>	<u>16,757,823</u>
Net Change in Fund Balances	<u>(22,614,459)</u>	<u>(19,852,736)</u>	<u>6,414,250</u>	<u>26,266,986</u>
Fund Balances (Deficit), Beginning	<u>10,154,127</u>	<u>10,154,127</u>	<u>10,154,127</u>	<u>-</u>
Fund Balances (Deficit), Ending	<u>\$ (12,460,332)</u>	<u>\$ (9,698,609)</u>	<u>\$ 16,568,377</u>	<u>\$ 26,266,986</u>

City of Kingman, Arizona
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget and Actual - I-11 East Kingman Connection
For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes	\$ -	\$ -	\$ 625	\$ 625
Intergovernmental	68,578,416	68,578,416	-	(68,578,416)
Investment earnings (loss)	852,095	852,095	38,737	(813,358)
Other revenues	7,748,906	7,748,906	6,326	(7,742,580)
Total revenues	<u>77,179,417</u>	<u>77,179,417</u>	<u>45,688</u>	<u>(77,133,729)</u>
Expenditures				
Current:				
Highway and streets	-	-	3,409	(3,409)
Capital outlay	121,242,322	72,873,410	5,361,376	67,512,034
Contingency	1,300,000	1,300,000	-	1,300,000
Total expenditures	<u>122,542,322</u>	<u>74,173,410</u>	<u>5,364,785</u>	<u>68,808,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,362,905)</u>	<u>3,006,007</u>	<u>(5,319,097)</u>	<u>(8,325,104)</u>
Other Financing Sources (Uses)				
Transfers in	12,115,000	17,220,687	5,105,687	(12,115,000)
Net FB	33,247,905	28,142,218	-	(28,142,218)
Total other financing sources (uses)	<u>45,362,905</u>	<u>45,362,905</u>	<u>5,105,687</u>	<u>(40,257,218)</u>
Net Change in Fund Balances	-	48,368,912	(213,410)	(48,582,322)
Fund Balances (Deficit), Beginning	<u>1,285,840</u>	<u>1,285,840</u>	<u>1,285,840</u>	<u>-</u>
Fund Balances (Deficit), Ending	<u>\$ 1,285,840</u>	<u>\$ 49,654,752</u>	<u>\$ 1,072,430</u>	<u>\$ (48,582,322)</u>



Supplementary Information
Combining Nonmajor Fund Financial Statements

City of Kingman, Arizona
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue				
	Transit System	Judicial Collection Enhancement	Fill the Gap	Court Enhancement	Surplus Fare Collect
Assets					
Cash and cash equivalents	\$ -	\$ 194,277	\$ 15,236	\$ 204,641	\$ 10,213
Receivables, net of allowances for uncollectibles:					
Other receivable	582,224	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 582,224</u>	<u>\$ 194,277</u>	<u>\$ 15,236</u>	<u>\$ 204,641</u>	<u>\$ 10,213</u>
Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)					
Liabilities					
Accounts payable	\$ 927	\$ -	\$ -	\$ -	\$ -
Accrued payroll and related liabilities	33,887	-	-	-	-
Accrued liabilities	-	-	-	-	-
Due to other funds	162,325	-	-	-	-
Total liabilities	<u>197,139</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources					
Unavailable revenue	523,256	-	-	-	-
Total deferred inflows of resources	<u>523,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit)					
Nonspendable:					
Prepaid items	-	-	-	-	-
Restricted:					
Capital projects	-	-	-	-	-
Public safety and courts	-	194,277	15,236	204,641	10,213
Grants	-	-	-	-	-
Unassigned	(138,171)	-	-	-	-
Total fund balances (deficit)	<u>(138,171)</u>	<u>194,277</u>	<u>15,236</u>	<u>204,641</u>	<u>10,213</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 582,224</u>	<u>\$ 194,277</u>	<u>\$ 15,236</u>	<u>\$ 204,641</u>	<u>\$ 10,213</u>

<u>Special Revenue</u>		<u>Debt Service</u>		<u>Capital Projects</u>		<u>Total Nonmajor Governmental Fund</u>
<u>Opioid Settlement</u>	<u>Grants</u>	<u>Special Assessment Districts</u>	<u>PSPRS Unfunded Liability</u>	<u>Development Fees</u>		
\$ 543,852	\$ 396,468	\$ 1,145,499	\$ -	\$ 2,213,207	\$	4,723,393
-	257,108	-	-	-		839,332
3,150	-	-	-	-		3,150
<u>\$ 547,002</u>	<u>\$ 653,576</u>	<u>\$ 1,145,499</u>	<u>\$ -</u>	<u>\$ 2,213,207</u>	<u>\$</u>	<u>5,565,875</u>
\$ -	\$ 32,303	\$ -	\$ -	\$ -	\$	33,230
-	-	-	-	-		33,887
-	35,808	-	-	-		35,808
-	-	-	-	-		162,325
-	68,111	-	-	-		265,250
-	17,566	-	-	-		540,822
-	17,566	-	-	-		540,822
3,150	-	-	-	-		3,150
-	-	1,145,499	-	2,213,207		3,358,706
543,852	-	-	-	-		968,219
-	567,899	-	-	-		567,899
-	-	-	-	-		(138,171)
<u>547,002</u>	<u>567,899</u>	<u>1,145,499</u>	<u>-</u>	<u>2,213,207</u>	<u></u>	<u>4,759,803</u>
<u>\$ 547,002</u>	<u>\$ 653,576</u>	<u>\$ 1,145,499</u>	<u>\$ -</u>	<u>\$ 2,213,207</u>	<u>\$</u>	<u>5,565,875</u>

City of Kingman, Arizona
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue				
	Transit System	Judicial Collection Enhancement	Fill the Gap	Court Enhancement	Surplus Fare Collect
Revenues					
Intergovernmental	\$ 827,020	\$ -	\$ -	\$ -	\$ -
Charges for services	125,882	5,756	2,433	16,388	-
Investment earnings (loss)	130	7,489	544	7,661	400
Special assessments	-	-	-	-	-
Other revenues	3,569	-	-	-	-
Total revenues	<u>956,601</u>	<u>13,245</u>	<u>2,977</u>	<u>24,049</u>	<u>400</u>
Expenditures					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highway and streets	1,223,776	-	-	-	-
Capital outlay	216,890	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>1,440,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(484,065)</u>	<u>13,245</u>	<u>2,977</u>	<u>24,049</u>	<u>400</u>
Other Financing Sources (Uses)					
Sale of capital assets	9,062	-	-	-	-
Transfers in	375,000	-	-	-	-
Transfers out	(16,574)	-	-	-	-
Total other financing sources (uses)	<u>367,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(116,577)	13,245	2,977	24,049	400
Fund Balances (Deficit), Beginning	<u>(21,594)</u>	<u>181,032</u>	<u>12,259</u>	<u>180,592</u>	<u>9,813</u>
Fund Balances (Deficit), Ending	<u>\$ (138,171)</u>	<u>\$ 194,277</u>	<u>\$ 15,236</u>	<u>\$ 204,641</u>	<u>\$ 10,213</u>

Special Revenue		Debt Service		Capital Projects	Total Nonmajor Governmental Funds
Opioid Settlement	Grants	Special Assessment Districts	PSPRS Unfunded Liability	Development Fees	
\$ -	\$ 1,893,221	\$ -	\$ -	\$ -	\$ 2,720,241
-	-	-	-	928,366	1,078,825
17,133	(136)	84,453	-	69,662	187,336
-	-	93,843	-	-	93,843
211,210	-	5,205	-	-	219,984
<u>228,343</u>	<u>1,893,085</u>	<u>183,501</u>	<u>-</u>	<u>998,028</u>	<u>4,300,229</u>
-	-	250	-	-	250
11,456	613,310	-	1,000	-	625,766
-	86,882	-	-	-	1,310,658
-	1,658,670	-	-	-	1,875,560
-	-	410,000	2,080,000	-	2,490,000
-	-	14,863	640,751	-	655,614
<u>11,456</u>	<u>2,358,862</u>	<u>425,113</u>	<u>2,721,751</u>	<u>-</u>	<u>6,957,848</u>
<u>216,887</u>	<u>(465,777)</u>	<u>(241,612)</u>	<u>(2,721,751)</u>	<u>998,028</u>	<u>(2,657,619)</u>
-	-	-	-	-	9,062
-	781,497	1,156	2,721,751	-	3,879,404
-	(19,231)	(808,755)	-	(199,185)	(1,043,745)
-	762,266	(807,599)	2,721,751	(199,185)	2,844,721
216,887	296,489	(1,049,211)	-	798,843	187,102
330,115	271,410	2,194,710	-	1,414,364	4,572,701
<u>\$ 547,002</u>	<u>\$ 567,899</u>	<u>\$ 1,145,499</u>	<u>\$ -</u>	<u>\$ 2,213,207</u>	<u>\$ 4,759,803</u>



Supplementary Information
Budgetary Comparison Schedules
Nonmajor Special Revenue Funds

Special Revenue Funds:

Transit System Fund - This fund is used to account for administration and operations of the City's transit system.

Judicial Collection Enhancement Fund (JCEF) - This fund is used to account for monies received by the court to train court personnel, improve, maintain and enhance the ability to manage administration of justice.

Fill the Gap Fund - This fund is used to account for the funds received from the State of Arizona that are for reducing delays and backlogs in criminal cases.

Court Enhancement Fund- This fund is used to account for funds collected from surcharges by the City's Municipal Court.

Surplus Fare Collect Fund - This fund is used to account for amounts received from the State of Arizona collected on overdue fines, fees, and restitutions.

Opioid Settlement - This fund is used to account for the City's allocation of amounts received from the opioid national settlement agreements.

Grants Fund - This fund is used to account for activities related to all grants received by the City.

City of Kingman, Arizona
Budgetary Comparison Schedule
Transit System Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 788,338	\$ 788,338	\$ 827,020	\$ 38,682
Charges for services	132,770	132,770	125,882	(6,888)
Investment earnings (loss)	4,273	4,273	130	(4,143)
Other revenues	-	-	3,569	3,569
Total revenues	<u>925,381</u>	<u>925,381</u>	<u>956,601</u>	<u>31,220</u>
Expenditures				
Current:				
Highway and streets	1,271,513	1,269,754	1,223,776	45,978
Capital outlay	36,000	36,000	216,890	(180,890)
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>1,357,513</u>	<u>1,355,754</u>	<u>1,440,666</u>	<u>(84,912)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(432,132)</u>	<u>(430,373)</u>	<u>(484,065)</u>	<u>(53,692)</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	9,062	9,062
Transfers in	375,000	375,000	375,000	-
Transfers out	(15,000)	(16,559)	(16,574)	(15)
Total other financing sources (uses)	<u>360,000</u>	<u>358,441</u>	<u>367,488</u>	<u>9,047</u>
Net Change in Fund Balance	<u>(72,132)</u>	<u>(71,932)</u>	<u>(116,577)</u>	<u>(44,645)</u>
Fund Balance (Deficit), Beginning	<u>(21,594)</u>	<u>(21,594)</u>	<u>(21,594)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (93,726)</u>	<u>\$ (93,526)</u>	<u>\$ (138,171)</u>	<u>\$ (44,645)</u>

City of Kingman, Arizona
Budgetary Comparison Schedule
Judicial Collection Enhancement Fund (JCEF)
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 5,000	\$ 5,000	\$ 5,756	\$ 756
Investment earnings (loss)	4,454	4,454	7,489	3,035
Total revenues	<u>9,454</u>	<u>9,454</u>	<u>13,245</u>	<u>3,791</u>
Expenditures				
Current:				
General government	<u>150,000</u>	<u>150,000</u>	-	<u>150,000</u>
Total expenditures	<u>150,000</u>	<u>150,000</u>	-	<u>150,000</u>
Net Change in Fund Balance	(140,546)	(140,546)	13,245	153,791
Fund Balance (Deficit), Beginning	<u>181,032</u>	<u>181,032</u>	<u>181,032</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ 40,486</u>	<u>\$ 40,486</u>	<u>\$ 194,277</u>	<u>\$ 153,791</u>

City of Kingman, Arizona
Budgetary Comparison Schedule
Fill the Gap Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 3,000	\$ 3,000	\$ 2,433	\$ (567)
Investment earnings (loss)	306	306	544	238
Total revenues	<u>3,306</u>	<u>3,306</u>	<u>2,977</u>	<u>(329)</u>
Expenditures				
Current:				
General government	10,000	10,000	-	10,000
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balance	(6,694)	(6,694)	2,977	9,671
Fund Balance (Deficit), Beginning	<u>12,259</u>	<u>12,259</u>	<u>12,259</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ 5,565</u>	<u>\$ 5,565</u>	<u>\$ 15,236</u>	<u>\$ 9,671</u>

City of Kingman, Arizona
Budgetary Comparison Schedule
Court Enhancement Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 6,000	\$ 6,000	\$ 16,388	\$ 10,388
Investment earnings (loss)	4,386	4,386	7,661	3,275
Total revenues	<u>10,386</u>	<u>10,386</u>	<u>24,049</u>	<u>13,663</u>
Expenditures				
Current:				
General government	<u>175,000</u>	<u>175,000</u>	-	<u>175,000</u>
Total expenditures	<u>175,000</u>	<u>175,000</u>	-	<u>175,000</u>
Net Change in Fund Balance	(164,614)	(164,614)	24,049	188,663
Fund Balance (Deficit), Beginning	<u>180,592</u>	<u>180,592</u>	<u>180,592</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ 15,978</u>	<u>\$ 15,978</u>	<u>\$ 204,641</u>	<u>\$ 188,663</u>

City of Kingman, Arizona
Budgetary Comparison Schedule
Surplus Fare Collect Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 800	\$ 800	\$ -	\$ (800)
Investment earnings (loss)	238	238	400	162
Total revenues	<u>1,038</u>	<u>1,038</u>	<u>400</u>	<u>(638)</u>
Expenditures				
Current:				
General government	7,500	7,500	-	7,500
Total expenditures	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Net Change in Fund Balance	(6,462)	(6,462)	400	6,862
Fund Balance (Deficit), Beginning	<u>9,813</u>	<u>9,813</u>	<u>9,813</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ 3,351</u>	<u>\$ 3,351</u>	<u>\$ 10,213</u>	<u>\$ 6,862</u>

City of Kingman, Arizona
Budgetary Comparison Schedule
Opioid Settlement
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment earnings (loss)	\$ 4,644	\$ 4,644	\$ 17,133	\$ 12,489
Other revenues	75,000	75,000	211,210	136,210
Total revenues	<u>79,644</u>	<u>79,644</u>	<u>228,343</u>	<u>148,699</u>
Expenditures				
Public safety	<u>125,000</u>	<u>125,000</u>	<u>11,456</u>	<u>113,544</u>
Total expenditures	<u>125,000</u>	<u>125,000</u>	<u>11,456</u>	<u>113,544</u>
Net Change in Fund Balance	(45,356)	(45,356)	216,887	262,243
Fund Balance (Deficit), Beginning	<u>330,115</u>	<u>330,115</u>	<u>330,115</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ 284,759</u>	<u>\$ 284,759</u>	<u>\$ 547,002</u>	<u>\$ 262,243</u>

City of Kingman, Arizona
Budgetary Comparison Schedule
Grants Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Intergovernmental	\$ 26,185,451	\$ 26,185,451	\$ 1,893,221	\$ (24,292,230)
Investment earnings (loss)	-	-	(136)	(136)
Total revenues	<u>26,185,451</u>	<u>26,185,451</u>	<u>1,893,085</u>	<u>(24,292,366)</u>
Expenditures				
Current:				
General government	11,496,758	10,993,333	-	10,993,333
Public safety	10,486,323	9,976,340	613,310	9,363,030
Highway and streets	1,529,250	1,537,118	86,882	1,450,236
Capital outlay	<u>2,694,285</u>	<u>3,021,351</u>	<u>1,658,670</u>	<u>1,362,681</u>
Total expenditures	<u>26,206,616</u>	<u>25,528,142</u>	<u>2,358,862</u>	<u>23,169,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(21,165)</u>	<u>657,309</u>	<u>(465,777)</u>	<u>(1,123,086)</u>
Other Financing Sources (Uses)				
Transfers in	861,757	1,221,456	781,497	(439,959)
Transfers out	<u>(250,000)</u>	<u>(250,000)</u>	<u>(19,231)</u>	<u>230,769</u>
Total other financing sources (uses)	<u>611,757</u>	<u>971,456</u>	<u>762,266</u>	<u>(209,190)</u>
Net Change in Fund Balance	590,592	1,628,765	296,489	(1,332,276)
Fund Balance (Deficit), Beginning	<u>271,410</u>	<u>271,410</u>	<u>271,410</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ 862,002</u>	<u>\$ 1,900,175</u>	<u>\$ 567,899</u>	<u>\$ (1,332,276)</u>

Supplementary Information
Budgetary Comparison Schedules
Nonmajor Debt Service Funds

Debt Service Funds:

Special Assessment Districts Fund - This fund is used to account for the special assessments and debt service for the City's improvement districts.

PSPRS Unfunded Liability Fund - This fund is used to account for the debt service for the City's 2021 pension obligation bonds issued for payment towards the unfunded PSPRS liability.

City of Kingman, Arizona
Budgetary Comparison Schedule
Special Assessment Districts Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment earnings (loss)	\$ 50,639	\$ 50,639	\$ 84,453	\$ 33,814
Special assessments	97,104	97,104	93,843	(3,261)
Other revenues	-	-	5,205	5,205
Total revenues	<u>147,743</u>	<u>147,743</u>	<u>183,501</u>	<u>35,758</u>
Expenditures				
Current:				
General government	250	250	250	-
Debt service:				
Principal	410,000	410,000	410,000	-
Interest and fiscal charges	14,863	14,863	14,863	-
Total expenditures	<u>425,113</u>	<u>425,113</u>	<u>425,113</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(277,370)</u>	<u>(277,370)</u>	<u>(241,612)</u>	<u>35,758</u>
Other Financing Sources (Uses)				
Transfers in	-	-	1,156	1,156
Transfers out	(1,006,770)	(1,006,770)	(808,755)	198,015
Total other financing sources (uses)	<u>(1,006,770)</u>	<u>(1,006,770)</u>	<u>(807,599)</u>	<u>199,171</u>
Net Change in Fund Balance	(1,284,140)	(1,284,140)	(1,049,211)	234,929
Fund Balance, Beginning	<u>2,194,710</u>	<u>2,194,710</u>	<u>2,194,710</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 910,570</u>	<u>\$ 910,570</u>	<u>\$ 1,145,499</u>	<u>\$ 234,929</u>

City of Kingman, Arizona
Budgetary Comparison Schedule
PSPRS Unfunded Liability Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Expenditures				
Current:				
Public safety	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Debt service:				
Principal	2,080,000	2,080,000	2,080,000	-
Interest and fiscal charges	640,751	640,751	640,751	-
Total expenditures	<u>2,721,751</u>	<u>2,721,751</u>	<u>2,721,751</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,721,751)</u>	<u>(2,721,751)</u>	<u>(2,721,751)</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	<u>2,721,751</u>	<u>2,721,751</u>	<u>2,721,751</u>	<u>-</u>
Total other financing sources (uses)	<u>2,721,751</u>	<u>2,721,751</u>	<u>2,721,751</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>



Supplementary Information
Budgetary Comparison Schedule
Nonmajor Capital Project Funds

Capital Project Funds:

Development Fees Fund - This fund is used to account for the development fees related to projects for police, fire, parks and streets.



City of Kingman, Arizona
Budgetary Comparison Schedule
Development Fees
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Charges for services	\$ 548,913	\$ 548,913	\$ 928,366	\$ 379,453
Investment earnings (loss)	31,490	31,490	69,662	38,172
Total revenues	<u>580,403</u>	<u>580,403</u>	<u>998,028</u>	<u>417,625</u>
Other Financing Sources (Uses)				
Transfers out	(392,454)	(392,454)	(199,185)	193,269
Total other financing sources (uses)	<u>(392,454)</u>	<u>(392,454)</u>	<u>(199,185)</u>	<u>193,269</u>
Net Change in Fund Balance	187,949	187,949	798,843	610,894
Fund Balance, Beginning	<u>1,414,364</u>	<u>1,414,364</u>	<u>1,414,364</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 1,602,313</u>	<u>\$ 1,602,313</u>	<u>\$ 2,213,207</u>	<u>\$ 610,894</u>



Supplementary Information

Internal Service Funds:

911 Dispatch Center Fund - This fund is used to account for the City's 911 operations.

Fleet Services - This fund is used to account for the activities relating to fleet services.

Insurance Services Fund - This fund is used to account for the City's property and liability insurance program.

Building Maintenance Fund - This fund is used to account for the cost of maintaining and repairing City facilities.

Information Technology Fund - This fund is used to account for the City's cost of providing information support services to all City departments.

Benefits Reserve Fund - This fund is used to account 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
Internal Service Funds
June 30, 2025

	911 Dispatch Center	Fleet Services	Insurance Services
Assets			
Current assets:			
Cash and cash equivalents	\$ 864,528	\$ 1,286,202	\$ 878,138
Receivables, net of allowances for uncollectibles	50	2,447	-
Prepaid items	1,132	430	-
Total current assets	<u>865,710</u>	<u>1,289,079</u>	<u>878,138</u>
Noncurrent assets:			
Net OPEB asset	44,371	22,185	-
Capital assets, not being depreciated/amortized	-	591,923	-
Capital assets, being depreciated/amortized, net	643,035	582,254	-
Total noncurrent assets	<u>687,406</u>	<u>1,196,362</u>	<u>-</u>
Total assets	<u>1,553,116</u>	<u>2,485,441</u>	<u>878,138</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions/OPEB	<u>264,804</u>	<u>132,402</u>	<u>-</u>
Liabilities			
Current liabilities:			
Accounts payable	52,547	147,661	-
Accrued payroll and related liabilities	48,361	41,845	-
Compensated absences	29,866	22,829	-
Subscription liability	-	-	-
Leases payable	6,746	3,791	-
Loans payable	-	-	-
Total current liabilities	<u>137,520</u>	<u>216,126</u>	<u>-</u>
Noncurrent liabilities:			
Compensated absences	13,344	11,472	-
Subscription liability	-	-	-
Leases payable	36,375	20,440	-
Loans payable	-	-	-
Net pension/OPEB liability	1,150,380	575,190	-
Total noncurrent liabilities	<u>1,200,099</u>	<u>607,102</u>	<u>-</u>
Total liabilities	<u>1,337,619</u>	<u>823,228</u>	<u>-</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions/OPEB	<u>89,555</u>	<u>44,778</u>	<u>-</u>
Net Position			
Net investment in capital assets	592,495	1,149,946	-
Restricted:			
Post-employment benefits	44,371	22,185	-
Unrestricted	<u>(246,120)</u>	<u>577,706</u>	<u>878,138</u>
Total net position	<u>\$ 390,746</u>	<u>\$ 1,749,837</u>	<u>\$ 878,138</u>

Building Maintenance	Information Technology	Benefits Reserve Fund	Total
\$ 1,724,447	\$ 1,424,800	\$ 300,724	\$ 6,478,839
-	-	261,232	263,729
-	4,864	-	6,426
<u>1,724,447</u>	<u>1,429,664</u>	<u>561,956</u>	<u>6,748,994</u>
14,790	22,185	-	103,531
-	-	-	591,923
<u>361,591</u>	<u>641,112</u>	<u>-</u>	<u>2,227,992</u>
<u>376,381</u>	<u>663,297</u>	<u>-</u>	<u>2,923,446</u>
<u>2,100,828</u>	<u>2,092,961</u>	<u>561,956</u>	<u>9,672,440</u>
<u>88,268</u>	<u>132,402</u>	<u>-</u>	<u>617,876</u>
68,029	119,435	300	387,972
31,540	35,259	41,045	198,050
19,705	46,800	-	119,200
-	54,769	-	54,769
12,720	19,846	-	43,103
-	7,264	-	7,264
<u>131,994</u>	<u>283,373</u>	<u>41,345</u>	<u>810,358</u>
2,792	10,336	-	37,944
-	125,967	-	125,967
68,592	107,016	-	232,423
-	24,013	-	24,013
<u>383,460</u>	<u>575,190</u>	<u>-</u>	<u>2,684,220</u>
<u>454,844</u>	<u>842,522</u>	<u>-</u>	<u>3,104,567</u>
<u>586,838</u>	<u>1,125,895</u>	<u>41,345</u>	<u>3,914,925</u>
<u>29,852</u>	<u>44,778</u>	<u>-</u>	<u>208,963</u>
272,461	291,987	-	2,306,889
14,790	22,185	-	103,531
<u>1,285,155</u>	<u>740,518</u>	<u>520,611</u>	<u>3,756,008</u>
<u>\$ 1,572,406</u>	<u>\$ 1,054,690</u>	<u>\$ 520,611</u>	<u>\$ 6,166,428</u>

City of Kingman, Arizona
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	911 Dispatch Center	Fleet Services	Insurance Services
Operating Revenues			
Charges for services	\$ 1,354,985	\$ 3,589,631	\$ 693,251
Contributions	-	-	-
Other revenues	290,052	13,729	-
Total operating revenues	<u>1,645,037</u>	<u>3,603,360</u>	<u>693,251</u>
Operating Expenses			
Salaries and related expenses	1,241,145	1,000,843	-
Administration/legal/contract services	193,451	22,631	862,529
Supplies	317,843	382,232	88,996
Repairs and maintenance	918	1,972,859	-
Utilities	19,290	64,872	-
Rents	962	-	-
Depreciation/amortization	116,137	56,419	-
Total operating expenses	<u>1,889,746</u>	<u>3,499,856</u>	<u>951,525</u>
Operating Income (Loss)	<u>(244,709)</u>	<u>103,504</u>	<u>(258,274)</u>
Nonoperating Revenues (Expenses)			
Interest income	39,580	44,129	33,285
Gain (loss) on disposal of capital assets	-	4,425	-
Interest expense and fiscal charges	(1,384)	(2,058)	-
Total nonoperating revenues (expenses)	<u>38,196</u>	<u>46,496</u>	<u>33,285</u>
Income Before Transfers	<u>(206,513)</u>	<u>150,000</u>	<u>(224,989)</u>
Transfers In	312	8	86,234
Transfers Out	(203,386)	(41,061)	-
Change in Net Position	<u>(409,587)</u>	<u>108,947</u>	<u>(138,755)</u>
Net Position, Beginning of Year	<u>800,333</u>	<u>1,640,890</u>	<u>1,016,893</u>
Net Position, End of Year	<u>\$ 390,746</u>	<u>\$ 1,749,837</u>	<u>\$ 878,138</u>

Building Maintenance	Information Technology	Benefits Reserve Fund	Total
\$ 1,562,749	\$ 1,895,447	\$ -	\$ 9,096,063
-	-	5,351,108	5,351,108
357	235	18,338	322,711
<u>1,563,106</u>	<u>1,895,682</u>	<u>5,369,446</u>	<u>14,769,882</u>
667,770	685,752	164,376	3,759,886
34,937	302,721	5,769,347	7,185,616
191,109	927,483	50,357	1,958,020
386,852	926	-	2,361,555
227,357	476	-	311,995
-	-	-	962
57,463	219,181	-	449,200
<u>1,565,488</u>	<u>2,136,539</u>	<u>5,984,080</u>	<u>16,027,234</u>
<u>(2,382)</u>	<u>(240,857)</u>	<u>(614,634)</u>	<u>(1,257,352)</u>
62,924	58,436	15,371	253,725
2,938	-	-	7,363
<u>(9,829)</u>	<u>(14,210)</u>	<u>-</u>	<u>(27,481)</u>
<u>56,033</u>	<u>44,226</u>	<u>15,371</u>	<u>233,607</u>
53,651	(196,631)	(599,263)	(1,023,745)
16,960	-	554,000	657,514
<u>(30,921)</u>	<u>(508)</u>	<u>(4,500)</u>	<u>(280,376)</u>
39,690	(197,139)	(49,763)	(646,607)
<u>1,532,716</u>	<u>1,251,829</u>	<u>570,374</u>	<u>6,813,035</u>
<u>\$ 1,572,406</u>	<u>\$ 1,054,690</u>	<u>\$ 520,611</u>	<u>\$ 6,166,428</u>

City of Kingman, Arizona
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	911 Dispatch Center	Fleet Services	Insurance Services	Building Maintenance	Information Technology	Benefits Reserve Fund	Total
Cash Flows From Operating Activities							
Receipts from interfund services	\$ 1,354,935	\$ 3,588,985	\$ 939,789	\$ 1,562,749	\$ 1,895,447	\$ 5,349,304	\$ 14,691,209
Other operating receipts	290,052	13,729	-	357	235	18,338	322,711
Payments to suppliers	(531,211)	(2,584,509)	(972,995)	(875,978)	(1,184,512)	(5,851,781)	(12,000,986)
Payments to employees	(1,250,273)	(923,996)	-	(642,157)	(758,396)	(144,547)	(3,719,369)
Net cash provided by (used for) operating activities	(136,497)	94,209	(33,206)	44,971	(47,226)	(628,686)	(706,435)
Cash Flows From Noncapital Financing Activities							
Transfers from other funds	312	8	86,234	16,960	-	554,000	657,514
Transfers to other funds	(203,386)	(41,061)	-	(30,921)	(508)	(4,500)	(280,376)
Net cash provided by (used for) noncapital financing activities	(203,074)	(41,053)	86,234	(13,961)	(508)	549,500	377,138
Cash Flows From Capital and Related Financing Activities							
Purchase of capital assets	(32,205)	(50,721)	-	(50,205)	(13,021)	-	(146,152)
Proceeds from the sale of capital assets	-	4,424	-	2,938	-	-	7,362
Principal paid on long-term debt	(3,150)	(5,882)	-	(29,854)	(97,114)	-	(136,000)
Interest paid on long-term debt	(1,384)	(2,058)	-	(9,829)	(14,210)	-	(27,481)
Net cash used for capital and related financing activities	(36,739)	(54,237)	-	(86,950)	(124,345)	-	(302,271)
Cash Flows From Investing Activities							
Interest on investments	39,580	44,129	33,285	62,924	58,436	15,371	253,725
Net cash provided by investing activities	39,580	44,129	33,285	62,924	58,436	15,371	253,725
Net increase (decrease) in cash and cash equivalents	(336,730)	43,048	86,313	6,984	(113,643)	(63,815)	(377,843)
Cash and Cash Equivalents, Beginning	<u>1,201,258</u>	<u>1,243,154</u>	<u>791,825</u>	<u>1,717,463</u>	<u>1,538,443</u>	<u>364,539</u>	<u>6,856,682</u>
Cash and Cash Equivalents, Ending	<u>\$ 864,528</u>	<u>\$ 1,286,202</u>	<u>\$ 878,138</u>	<u>\$ 1,724,447</u>	<u>\$ 1,424,800</u>	<u>\$ 300,724</u>	<u>\$ 6,478,839</u>

City of Kingman, Arizona
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	911 Dispatch Center	Fleet Services	Insurance Services	Building Maintenance	Information Technology	Benefits Reserve Fund	Total
Reconciliation of Operating Income (Loss) to Net							
Cash Flows Provided By (Used For) Operating Activities							
Operating income (loss)	\$ (244,709)	\$ 103,504	\$ (258,274)	\$ (2,382)	\$ (240,857)	\$ (614,634)	\$ (1,257,352)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation/amortization	116,137	56,419	-	57,463	219,181	-	449,200
Changes in operating assets and liabilities:							
Accounts receivable	(50)	(646)	246,538	-	-	(1,804)	244,038
Prepaid items and deposits	875	(430)	-	-	4,876	-	445
Net OPEB asset	(8,249)	(6,352)	-	(3,352)	(1,536)	-	(17,953)
Deferred outflows related to pensions/OPEB	(113,810)	(56,905)	-	(37,937)	(56,905)	-	(208,652)
Accounts payable	378	(141,485)	(21,470)	(35,723)	42,218	(32,077)	(230,377)
Accrued payroll and related liabilities	1,692	10,217	-	5,301	8,011	19,829	37,039
Compensated absences	(12,195)	2,674	-	2,754	(7,817)	-	(6,767)
Net pension/OPEB liability	88,303	109,646	-	47,136	(31,963)	-	245,085
Deferred inflows related to pensions/OPEB	35,131	17,567	-	11,711	17,566	-	64,409
Net cash provided by (used for) operating activities	<u>\$ (136,497)</u>	<u>\$ 94,209</u>	<u>\$ (33,206)</u>	<u>\$ 44,971</u>	<u>\$ (47,226)</u>	<u>\$ (628,686)</u>	<u>\$ (706,435)</u>
Schedule of Noncash Capital and Related Financing Activities							
Purchase of capital assets on account	<u>\$ 7,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,818</u>	<u>\$ 10,250</u>	<u>\$ -</u>	<u>\$ 25,487</u>



Statistical Section

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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	145-158
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, sales and uses taxes.	159-160
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	161-167
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These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	170-174
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.	

City of Kingman, Arizona
Table 1
Net Position by Component
Last Ten Fiscal Years
Accrual Basis of Accounting
For the Year Ended June 30, 2025

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental Activities					
Net investment in capital assets	\$ 47,082,904	\$ 47,574,413	\$ 50,420,410	\$ 56,697,422	\$ 59,480,007
Restricted	10,895,533	10,707,211	14,880,431	18,924,567	17,435,286
Unrestricted	<u>(10,308,136)</u>	<u>(11,245,293)</u>	<u>(9,246,509)</u>	<u>(8,575,456)</u>	<u>(6,582,215)</u>
Total governmental activities net position	<u>\$ 47,670,301</u>	<u>\$ 47,036,331</u>	<u>\$ 56,054,332</u>	<u>\$ 67,046,533</u>	<u>\$ 70,333,078</u>
Business-Type Activities					
Net investment in capital assets	41,236,167	46,748,642	64,556,067	68,364,576	73,583,733
Restricted	709,052	709,052	709,052	-	-
Unrestricted	<u>35,254,055</u>	<u>34,217,794</u>	<u>41,471,731</u>	<u>43,405,414</u>	<u>52,825,281</u>
Total business-type activities net position	<u>\$ 77,199,274</u>	<u>\$ 81,675,488</u>	<u>\$ 106,736,850</u>	<u>\$ 111,769,990</u>	<u>\$ 126,409,014</u>
Primary Government					
Net investment in capital assets	88,319,071	94,323,055	114,976,477	125,061,998	133,063,740
Restricted	11,604,585	11,416,263	15,589,483	18,924,567	17,435,286
Unrestricted	<u>24,945,919</u>	<u>22,972,501</u>	<u>32,225,222</u>	<u>34,829,958</u>	<u>46,243,066</u>
Total primary government net position	<u>\$ 124,869,575</u>	<u>\$ 128,711,819</u>	<u>\$ 162,791,182</u>	<u>\$ 178,816,523</u>	<u>\$ 196,742,092</u>

Source: The City of Kingman's Finance Department

2021	2022	2023	2024	2025
\$ 56,339,913	\$ 22,430,002	\$ 27,462,602	\$ 121,270,597	\$ 133,257,258
18,410,403	35,026,368	58,560,403	30,372,465	37,227,705
<u>6,412,065</u>	<u>45,202,842</u>	<u>36,671,983</u>	<u>3,816,557</u>	<u>2,375,196</u>
<u>\$ 81,162,381</u>	<u>\$ 102,659,212</u>	<u>\$ 122,694,988</u>	<u>\$ 155,459,619</u>	<u>\$ 172,860,159</u>
86,721,006	91,284,113	95,906,316	139,217,383	139,565,027
-	-	221,071	216,475	266,225
<u>51,647,598</u>	<u>52,704,177</u>	<u>101,567,634</u>	<u>64,937,373</u>	<u>67,451,336</u>
<u>\$ 138,368,604</u>	<u>\$ 143,988,290</u>	<u>\$ 197,695,021</u>	<u>\$ 204,371,231</u>	<u>\$ 207,282,588</u>
143,060,919	113,714,115	123,368,918	260,487,980	272,822,285
18,410,403	35,026,368	58,781,474	30,588,940	37,493,930
<u>58,059,663</u>	<u>97,907,019</u>	<u>138,239,617</u>	<u>68,753,930</u>	<u>69,826,532</u>
<u>\$ 219,530,985</u>	<u>\$ 246,647,502</u>	<u>\$ 320,390,009</u>	<u>\$ 359,830,850</u>	<u>\$ 380,142,747</u>

City of Kingman, Arizona
Table 2
Expenses, Program Revenues and Net Expenses
Last Ten Fiscal Years
Accrual Basis of Accounting
For the Year Ended June 30, 2025

	2016	2017	2018	2019	2020
Expenses					
Governmental activities:					
General government	\$ 4,516,412	\$ 5,296,985	\$ 5,144,063	\$ 4,974,795	\$ 6,287,797
Public safety	16,388,037	20,858,567	18,152,262	21,165,403	21,800,469
Public works/streets	5,234,697	6,260,591	5,139,038	4,035,063	5,017,048
Economic development	241,022	255,276	206,675	1,267,086	1,401,260
Culture and recreation	3,674,420	4,116,722	4,426,426	3,920,819	4,108,612
Interest on long-term debt	331,520	263,101	218,996	164,400	142,724
Total government activities	<u>30,386,108</u>	<u>37,051,242</u>	<u>33,287,460</u>	<u>35,527,566</u>	<u>38,757,910</u>
Business-type activities:					
Water	7,682,180	7,841,900	7,529,747	7,534,026	8,645,115
Wastewater	4,472,267	4,832,518	4,321,584	4,671,584	4,602,456
Solid waste	2,982,783	3,115,475	3,331,086	3,387,403	3,447,612
Stormwater	-	-	-	-	271,921
Airport	-	-	3,103,600	3,365,814	2,605,880
Total business-type activities	<u>15,137,230</u>	<u>15,789,893</u>	<u>18,286,017</u>	<u>18,958,827</u>	<u>19,572,984</u>
Total expenses	<u>45,523,338</u>	<u>52,841,135</u>	<u>51,573,477</u>	<u>54,486,393</u>	<u>58,330,894</u>
Program Revenues					
Charges for services					
Culture and recreation	1,196,511	1,278,503	1,326,068	1,313,769	1,398,125
Economic development	619,159	752,462	880,563	629,753	826,635
Other	703,464	725,715	722,779	914,871	1,002,173
Operating grants and contributions	4,833,356	5,102,188	5,352,501	5,394,929	5,366,249
Capital grants and contributions	450,311	1,011,771	629,263	1,752,130	1,917,892
Total government activities	<u>7,802,801</u>	<u>8,870,639</u>	<u>8,911,174</u>	<u>10,005,452</u>	<u>10,511,074</u>
Business-type activities:					
Charges for services					
Water	8,891,644	8,846,542	9,238,770	8,922,305	11,996,620
Wastewater	8,902,205	9,120,705	9,423,357	9,617,003	9,942,287
Solid waste	3,647,411	3,546,327	3,594,704	3,681,539	3,767,304
Stormwater	-	-	-	-	656,716
Airport	-	-	1,327,422	2,286,907	1,233,068
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	3,114	-	164,500	222,456	616,759
Total business-type activities	<u>21,444,374</u>	<u>21,513,574</u>	<u>23,748,753</u>	<u>24,730,210</u>	<u>28,212,754</u>
Total program revenues	<u>29,247,175</u>	<u>30,384,213</u>	<u>32,659,927</u>	<u>34,735,662</u>	<u>38,723,828</u>
Net income (expense)	<u>\$ (16,276,163)</u>	<u>\$ (22,456,922)</u>	<u>\$ (18,913,550)</u>	<u>\$ (19,750,731)</u>	<u>\$ (19,607,066)</u>

	2021	2022	2023	2024	2025
\$	6,824,805	\$ 4,987,561	\$ 9,139,167	\$ 9,149,160	\$ 9,275,220
	18,160,919	20,578,834	18,145,749	20,703,679	24,407,606
	10,541,676	5,624,690	8,140,753	18,544,517	9,625,770
	1,384,567	1,377,193	1,944,915	2,309,902	2,020,645
	4,244,056	3,763,036	4,894,305	6,301,447	5,700,876
	133,064	1,296,820	808,660	821,045	890,494
	<u>41,289,087</u>	<u>37,628,134</u>	<u>43,073,549</u>	<u>57,829,750</u>	<u>51,920,611</u>
	8,812,428	9,339,701	11,542,323	13,717,806	14,617,121
	4,639,814	4,593,338	5,190,557	5,795,654	6,950,218
	2,994,568	3,278,936	3,779,018	4,087,565	4,784,960
	162,792	169,929	156,449	142,478	341,415
	2,434,980	2,371,230	2,734,216	3,549,862	4,239,224
	<u>19,044,582</u>	<u>19,753,134</u>	<u>23,402,563</u>	<u>27,293,365</u>	<u>30,932,938</u>
	<u>60,333,669</u>	<u>57,381,268</u>	<u>66,476,112</u>	<u>85,123,115</u>	<u>82,853,549</u>
	1,393,716	1,526,874	1,614,512	1,803,958	1,931,656
	144,918	266,800	426,259	504,503	527,166
	1,898,233	2,266,775	1,188,940	2,785,265	3,043,505
	8,553,302	10,488,700	7,371,757	5,334,891	6,608,838
	311,120	533,094	1,677,757	23,147,829	1,090,652
	<u>12,301,289</u>	<u>15,082,243</u>	<u>12,279,225</u>	<u>33,576,446</u>	<u>13,201,817</u>
	10,146,902	9,057,161	8,176,006	10,592,298	13,979,906
	10,643,432	11,015,117	10,799,465	11,687,341	12,211,012
	3,887,328	4,447,470	4,590,960	4,638,074	4,722,429
	3,120	9,420	19,742	1,776,064	111,145
	1,562,842	1,563,089	1,844,149	2,060,558	1,817,105
	-	-	52,638,690	151,433	390,163
	6,451,472	289,667	123,864	393,300	168,277
	<u>32,695,096</u>	<u>26,381,924</u>	<u>78,192,876</u>	<u>31,299,068</u>	<u>33,400,037</u>
	<u>44,996,385</u>	<u>41,464,167</u>	<u>90,472,101</u>	<u>64,875,514</u>	<u>46,601,854</u>
\$	<u>(15,337,284)</u>	<u>(15,917,101)</u>	<u>\$ 23,995,989</u>	<u>\$ (20,247,601)</u>	<u>\$ (36,251,695)</u>

City of Kingman, Arizona
Table 3
General Revenues and Total Changes in Net Position
Last Ten Fiscal Years
Accrual Basis of Accounting
For the Year Ended June 30, 2025

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net Income (Expenses)	\$ (16,276,163)	\$ (22,456,922)	\$ (18,913,550)	\$ (19,750,731)	\$ (19,607,066)
General Revenues					
Governmental activities:					
Taxes:					
Sales taxes	\$ 16,711,555	\$ 17,707,588	\$ 22,520,993	\$ 22,939,133	\$ 21,760,536
Auto lieu taxes	1,535,893	1,681,683	1,838,768	1,960,608	2,002,420
Franchise taxes	751,670	749,802	710,832	715,624	718,749
Unrestricted state shared revenue	6,032,794	6,184,395	6,387,613	6,540,664	7,057,262
Unrestricted urban revenue sharing	-	-	-	-	-
Investment income	167,928	71,333	163,727	607,793	439,102
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	930,492	1,310,725	1,174,345	1,406,764	(444,688)
Total governmental activities	<u>\$ 26,130,332</u>	<u>\$ 27,705,526</u>	<u>\$ 32,796,278</u>	<u>\$ 34,170,586</u>	<u>\$ 31,533,381</u>
General Revenues					
Business-type activities:					
Investment income	\$ 217,478	\$ 84,199	\$ 197,444	\$ 668,521	\$ 559,715
Gain on sale of capital assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	(930,492)	(1,310,725)	(1,174,345)	(1,406,764)	444,688
Total business-type activities	<u>\$ (713,014)</u>	<u>\$ (1,226,526)</u>	<u>\$ (976,901)</u>	<u>\$ (738,243)</u>	<u>\$ 1,004,403</u>
Changes in Net Position					
Governmental activities	\$ 3,547,025	\$ (475,077)	\$ 8,419,992	\$ 8,648,472	\$ 3,286,545
Business-type activities	5,594,130	4,497,155	4,485,835	5,033,140	9,644,173
Changes in Net Position	<u>\$ 9,141,155</u>	<u>\$ 4,022,078</u>	<u>\$ 12,905,827</u>	<u>\$ 13,681,612</u>	<u>\$ 12,930,718</u>

Source: The City of Kingman's Finance Department

2021	2022	2023	2024	2025
<u>\$ (15,337,284)</u>	<u>\$ (16,043,467)</u>	<u>\$ 23,995,989</u>	<u>\$ (20,247,601)</u>	<u>\$ (36,251,695)</u>
\$ 26,005,144	\$ 29,254,033	\$ 30,255,392	\$ 30,960,309	32,888,824
2,586,026	2,554,899	2,836,341	2,851,672	3,101,185
804,384	821,232	951,955	1,083,018	1,178,083
8,165,850	9,112,008	4,999,599	5,287,521	5,420,374
-	-	6,416,086	9,252,974	7,516,529
22,230	122,618	2,525,720	5,306,528	3,057,905
-	-	-	-	24,247
94,840	163,588	107,046	74,388	380,336
<u>2,138,627</u>	<u>1,830,618</u>	<u>2,703,416</u>	<u>2,201,525</u>	<u>2,551,851</u>
<u>\$ 39,817,101</u>	<u>\$ 43,858,996</u>	<u>\$ 50,795,555</u>	<u>\$ 57,017,935</u>	<u>\$ 56,119,334</u>
\$ 24,727	\$ 555,011	\$ 1,652,654	\$ 4,801,262	2,905,858
-	-	-	-	44,537
422,976	576,595	1,725	70,770	45,714
<u>(2,138,627)</u>	<u>(1,830,618)</u>	<u>(2,703,416)</u>	<u>(2,201,525)</u>	<u>(2,551,851)</u>
<u>\$ (1,690,924)</u>	<u>\$ (699,012)</u>	<u>\$ (1,049,037)</u>	<u>\$ 2,670,507</u>	<u>\$ 444,258</u>
\$ 10,829,303	\$ 21,496,831	\$ 20,001,231	\$ 32,764,631	17,400,540
<u>11,959,590</u>	<u>5,619,686</u>	<u>53,741,276</u>	<u>6,676,210</u>	<u>2,911,357</u>
<u>\$ 22,788,893</u>	<u>\$ 27,116,517</u>	<u>\$ 73,742,507</u>	<u>\$ 39,440,841</u>	<u>\$ 20,311,897</u>

City of Kingman, Arizona
Table 4
Fund Balances - Governmental Funds
Last Ten Fiscal Years
For the Year Ended June 30, 2025

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund					
Nonspendable	\$ 172,499	\$ 86,023	\$ 97,629	\$ 259,561	\$ 165,584
Restricted	-	-	-	-	-
Committed	3,125,213	7,965,451	3,149,075	1,269,192	1,103,072
Assigned	72,311	-	1,115,085	5,979,599	6,710,984
Unassigned	<u>11,886,504</u>	<u>10,102,540</u>	<u>15,212,546</u>	<u>15,240,549</u>	<u>16,601,208</u>
Total general fund	<u>\$ 15,256,527</u>	<u>\$ 18,154,014</u>	<u>\$ 19,574,335</u>	<u>\$ 22,748,901</u>	<u>\$ 24,580,848</u>
All Other Governmental Funds					
Nonspendable	-	1,261	4,681	39,962	26,298
Restricted	10,713,655	10,504,457	14,675,930	18,924,567	17,435,286
Committed	181,878	201,493	199,820	-	-
Assigned	-	-	-	257,565	323,300
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 10,895,533</u>	<u>\$ 10,707,211</u>	<u>\$ 14,880,431</u>	<u>\$ 19,222,094</u>	<u>\$ 17,784,884</u>

Source: The City of Kingman's Finance Department

2021	2022	2023	2024	2025
\$ 213,551	\$ 282,852	\$ 283,474	\$ 231,779	\$ 264,446
-	-	-	-	-
884,298	813,414	491,005	4,627,327	4,627,327
6,717,555	23,302,029	9,481,486	2,940,614	8,298,433
<u>30,300,352</u>	<u>20,650,112</u>	<u>29,574,207</u>	<u>30,276,175</u>	<u>29,522,823</u>
<u>\$ 38,115,756</u>	<u>\$ 45,048,407</u>	<u>\$ 39,830,172</u>	<u>\$ 38,075,895</u>	<u>\$ 42,713,029</u>
16,161	4,231	2,487	2,487	7,829
18,410,403	35,026,368	57,242,626	57,242,626	36,004,310
-	-	-	-	-
496,249	393,784	-	-	-
-	-	(11,350)	(11,350)	(138,171)
<u>\$ 18,922,813</u>	<u>\$ 35,424,383</u>	<u>\$ 57,233,763</u>	<u>\$ 57,233,763</u>	<u>\$ 35,873,968</u>

City of Kingman, Arizona
Table 5
Governmental Funds Revenues
Last Ten Fiscal Years
Modified Accrual Basis of Accounting
For the Year Ended June 30, 2025

	2016	2017	2018	2019	2020
Taxes	\$ 18,999,119	\$ 20,139,073	\$ 25,070,594	\$ 25,615,365	\$ 24,481,705
Licenses and permits	725,207	872,223	1,008,910	753,547	940,728
Intergovernmental	10,989,801	11,227,466	11,607,990	12,978,829	13,297,711
Charges for services	1,451,655	1,500,846	1,518,564	1,702,263	1,709,883
Fines for forfeitures	304,666	319,004	337,674	293,336	327,698
Investment income	138,670	59,398	138,930	520,819	366,136
Special assessments	940,088	819,891	794,688	614,621	497,191
Miscellaneous	100,706	201,148	362,099	219,424	280,157
Total revenues	\$ 33,649,912	\$ 35,139,049	\$ 40,839,449	\$ 42,698,204	\$ 41,901,209

	2021	2022	2023	2024	2025
\$	29,395,554	\$ 32,630,164	\$ 34,043,688	\$ 32,043,327	\$ 34,066,907
	1,253,754	1,077,796	745,867	914,422	955,351
	13,656,023	14,698,314	19,960,967	44,371,598	24,039,380
	1,652,112	2,493,749	2,566,798	3,815,489	3,495,853
	291,644	296,860	277,011	283,678	371,331
	19,518	113,926	2,345,500	5,007,932	2,804,180
	432,529	351,774	214,003	112,654	93,843
	<u>3,575,622</u>	<u>5,778,366</u>	<u>252,800</u>	<u>151,817</u>	<u>456,460</u>
\$	<u>50,276,756</u>	<u>57,440,949</u>	<u>60,406,634</u>	<u>86,700,917</u>	<u>66,283,305</u>

City of Kingman, Arizona
Table 6
Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
For the Year Ended June 30, 2025

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenditures					
Current:					
General government	\$ 4,989,339	\$ 4,802,444	\$ 5,084,678	\$ 4,832,809	\$ 5,738,166
Public safety	15,650,195	16,543,924	17,069,022	18,296,806	22,331,242
Public works/Streets	3,534,809	4,328,420	4,236,910	4,605,827	5,081,435
Culture and recreation	3,552,834	4,070,937	4,113,627	4,481,584	4,455,000
Economic development	242,034	255,393	207,498	506,255	647,328
Public services:					
Capital outlay	2,430,303	2,443,782	4,903,292	5,226,685	3,514,527
Debt service:					
Principal retirement	1,666,483	941,578	551,654	781,901	295,398
Interest and fiscal charges	322,387	256,538	215,572	164,400	141,990
Debt issuance costs	-	-	-	-	-
Total expenditures	<u>\$ 32,388,384</u>	<u>\$ 33,643,016</u>	<u>\$ 36,382,253</u>	<u>\$ 38,896,267</u>	<u>\$ 42,205,086</u>
Capitalized Expenditures (1)	<u>\$ 3,432,748</u>	<u>\$ 2,231,009</u>	<u>\$ 5,817,899</u>	<u>\$ 6,359,234</u>	<u>\$ 5,097,835</u>
Debt Service as a Percentage of Noncapital Expenditures	7%	4%	3%	3%	1%

Source: The City of Kingman's Finance Department

(1) Capitalized Expenditures are reflected in capital outlay expenditures and expenditures by function.

	2021	2022	2023	2024	2025
\$	5,841,484	\$ 6,335,961	\$ 6,988,100	\$ 7,699,829	\$ 7,903,101
	18,275,160	49,766,443	15,966,607	19,291,158	20,289,811
	5,544,706	4,107,250	4,714,435	16,195,403	7,719,741
	4,630,340	4,260,690	1,642,967	5,337,514	5,426,632
	633,611	1,504,288	7,705,698	1,925,726	2,037,392
	2,774,254	5,364,764	6,973,911	65,694,411	15,518,709
	338,277	2,686,614	2,534,594	2,828,672	3,218,250
	134,497	499,829	785,636	821,045	805,694
	-	791,135	-	-	84,800
\$	38,172,329	\$ 75,316,974	\$ 47,311,948	\$ 119,793,758	\$ 63,004,130
\$	3,108,726	\$ 5,408,054	\$ 6,802,581	\$ 65,694,411	\$ 15,518,709
	1%	6%	8%	7%	9%

City of Kingman, Arizona
Table 7
Other Financial Sources and Uses and
Net Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
Modified Accrual Basis of Accounting
For the Year Ended June 30, 2025

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,261,528	\$ 1,496,033	\$ 4,457,196	\$ 3,741,937	\$ (303,877)
Other Financing Sources (Uses)					
Bond issuance	-	-	-	-	-
Premiums	-	-	-	-	-
Proceeds from the sale of capital assets	-	-	-	-	14,665
Loans issued	-	-	-	-	-
Subscription-based information technology arrangements	-	-	-	-	-
Proceeds from leases	-	-	-	-	87,647
Transfers in	1,879,294	3,560,461	6,574,137	7,050,144	5,510,741
Transfers out	(986,802)	(2,287,736)	(5,437,792)	(5,619,581)	(4,914,439)
Insurance recovery	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>892,492</u>	<u>1,272,725</u>	<u>1,136,345</u>	<u>1,430,563</u>	<u>698,614</u>
Changes in fund balances	<u>\$ 2,154,020</u>	<u>\$ 2,768,758</u>	<u>\$ 5,593,541</u>	<u>\$ 5,172,500</u>	<u>\$ 394,737</u>

	2021	2022	2023	2024	2025
\$	12,104,427	\$ (17,876,025)	\$ 13,094,686	\$ (33,092,841)	\$ 3,279,175
	-	38,755,000	-	-	3,145,000
	-	-	-	-	107,573
	93,551	20,957	15,937	222,060	1,048,519
	-	-	1,068,961	992,565	830,915
	-	-	92,034	279,124	-
	219,270	604,971	308,234	36,095	582,790
	6,480,580	24,874,473	29,617,221	41,872,491	20,048,669
	(4,224,991)	(22,945,155)	(27,605,948)	(39,955,117)	(17,873,956)
	-	-	-	-	-
	<u>2,568,410</u>	<u>41,310,246</u>	<u>3,496,439</u>	<u>3,447,218</u>	<u>7,889,510</u>
\$	<u>14,672,837</u>	<u>\$ 23,434,221</u>	<u>\$ 16,591,125</u>	<u>\$ (29,645,623)</u>	<u>\$ 11,168,685</u>

City of Kingman, Arizona
Table 8
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years
For the Year Ended June 30, 2025

Fiscal Year Ended June 30	City of Kingman	Hospitality	Restaurant/Bar	Mohave County	Arizona State
2016	2.50%	4.00%	1.00%	0.25%	5.60%
2017	2.50%	4.00%	1.00%	0.25%	5.60%
2018	3.50%	4.00%	1.00%	0.25%	5.60%
2019	2.50%	4.00%	1.00%	0.25%	5.60%
2020	2.50%	4.00%	1.00%	0.00%	5.60%
2021	2.50%	4.00%	1.00%	0.00%	5.60%
2022	2.50%	4.00%	1.00%	0.00%	5.60%
2023	2.50%	4.00%	1.00%	0.00%	5.60%
2024	2.50%	4.00%	1.00%	0.00%	5.60%
2025	2.50%	4.00%	1.00%	0.00%	5.60%

City of Kingman, Arizona
Table 9
Taxable Sales by Category
Last Ten Fiscal Years

Category	2016
Retail trade	\$ 10,052,896
Restaurants and bars	2,873,052
Hotels and other lodging	1,435,376
Construction	746,047
Transportation, comm. and utilities	-
Finance, insurance and real estate	684,518
Wholesale trade	395,912
Services	298,716
Manufacturing	-
Other	172,974
Total	<u>\$ 16,659,491</u>

Category (1)	2017	2018 (4)	2019 (4)	2020	2021	2022	2023	2024	2025
Retail and use	\$ 10,577,173	\$ 14,193,121	\$ 13,545,080	\$ 12,954,854	\$ 15,234,647	\$ 16,629,877	\$ 17,347,547	\$ 17,088,214	\$ 17,797,601
Restaurant and bars	2,934,054	3,518,616	3,664,967	3,218,217	3,715,828	4,078,674	4,513,294	4,542,557	4,651,400
Hotel and other lodging	1,619,675	2,046,080	2,037,653	1,620,082	1,908,466	2,819,159	2,738,646	2,807,377	2,914,338
Construction	779,636	1,220,619	1,584,781	1,539,598	1,871,711	2,122,301	1,400,938	1,810,904	2,185,020
Online mpf and remote sellers (2)	-	-	-	516,571	1,022,894	1,220,666	1,407,302	1,686,332	1,981,833
Utilities and communication	625,030	849,446	794,602	550,837	560,470	509,445	744,148	1,183,528	1,095,357
Residential and commercial leasing	438,641	564,333	576,066	672,329	911,406	849,432	1,183,539	763,176	800,589
Personal property leasing	387,994	518,904	517,656	542,888	569,988	653,712	577,389	645,066	740,581
Medical and adult use marijuana (3)	-	-	-	-	76,203	208,430	198,365	286,743	359,351
Other	345,421	163,870	218,328	145,158	133,529	162,337	144,225	146,412	170,352
Total	<u>\$ 17,707,624</u>	<u>\$ 23,074,989</u>	<u>\$ 22,939,133</u>	<u>\$ 21,760,534</u>	<u>\$ 26,005,142</u>	<u>\$ 29,254,033</u>	<u>\$ 30,255,393</u>	<u>\$ 30,960,309</u>	<u>\$ 32,696,422</u>

Source: Arizona Department of Revenue.

(1) Taxable categories were modified in FY2017.

(2) With the Supreme Court's decision on the Wayfair case in 2018, the Online Marketplace Facilitator (MPF) and Remote Sellers tax was put into place in October 2018.

(3) Medical Marijuana was grouped in the Other category until FY2021 when Proposition 207 passed into law and legalized marijuana for adult personal use.

(4) On November 1, 2017, the City Council adopted a 1% additional transaction privilege tax increase. Proposition 413 repealed this tax effective December 31, 2018.

City of Kingman, Arizona
Table 10
Schedule of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30	Governmental Activities				
	Excise Tax Revenue Bonds	Special Assessment Bonds	Leases Payable	Loans Payable	Subscription Liability
2015	1,190,000	4,580,189	413,478	-	-
2016	970,000	3,227,128	268,089	-	-
2017	740,000	2,613,641	115,445	-	-
2018	500,000	2,359,709	-	-	-
2019	-	2,085,308	-	-	-
2020	-	1,790,414	136,005	-	-
2021	-	1,475,000	325,029	-	-
2022	36,470,000	1,145,000	1,073,642	-	-
2023	34,575,000	790,000	1,344,109 *	973,308	127,932
2024	32,505,000	410,000	1,177,536	1,816,003	554,735
2025	33,570,000	-	1,444,740	2,256,545	396,444

Source: The City of Kingman's Finance Department, U.S. Bureau of Economic Analysis, and Arizona Commerce Authority Office of Economic Opportunity

*Correction made to De Lage Landen Loan schedule

Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
Leases Payable	Loans Payable			
491,499	38,838,745	45,513,911	6.20%	1,595
336,833	36,551,073	41,353,123	5.37%	1,434
173,174	30,556,211	34,198,471	4.20%	1,176
-	28,381,243	31,240,952	3.61%	1,063
-	26,105,006	28,190,314	2.76%	933
76,528	23,776,672	25,779,619	2.31%	823
469,773	21,367,633	23,637,435	1.89%	732
817,900	20,868,048	60,374,590	4.44%	1,837
953,818	18,868,993	57,505,228	3.99%	1,705
776,864	16,939,102	53,624,505	3.46%	1,547
599,203	15,391,003	53,261,491	3.01%	1,409

City of Kingman, Arizona
Table 11
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2025:

Secondary assessed valuation	\$ 488,549,230
Debt limit (6% of assessed value)	29,312,954
Debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 29,312,954</u>

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit equal to 6% of assessed valuation	\$ 11,908,584	\$ 13,360,668	\$ 14,452,289	\$ 15,494,498	\$ 15,711,977
Total net debt applicable to limit	970,000	740,000	500,000	-	-
Legal debt margin	<u>\$ 10,938,584</u>	<u>\$ 12,620,668</u>	<u>\$ 13,952,289</u>	<u>\$ 15,494,498</u>	<u>\$ 15,711,977</u>
Total net debt applicable to the limit as a percentage of the debt limit	<u>8%</u>	<u>6%</u>	<u>3%</u>	<u>0%</u>	<u>0%</u>

Source: The City of Kingman's Finance Department and the Mohave County Assessor's Office. Assessed valuation amounts have been updated to reflect the full cash value rather than the limited property value.

2021	2022	2023	2024	2025
\$ 16,352,344	\$ 17,853,987	\$ 20,068,921	\$ 23,547,660	\$ 29,312,954
-	-	-	-	-
<u>\$ 16,352,344</u>	<u>\$ 17,853,987</u>	<u>\$ 20,068,921</u>	<u>\$ 23,547,660</u>	<u>\$ 29,312,954</u>
<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

City of Kingman, Arizona
Table 12
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

Governmental Unit	Debt Outstanding	Proportion Applicable to the City	
		Approximate Percent	Net Debt Amount
Overlapping debt:			
Mohave County Television District	\$ -	10.91%	\$ -
Mohave County Library District	-	10.91%	-
Mohave County Flood Control District	-	12.14%	-
Fire District Assistance Fund	-	10.91%	-
Kingman Unified School District Class B Bond	6,775,000	43.85%	2,970,838
Western Arizona Vocational Ed Dist (JTED)	-	11.51%	-
Total overlapping debt repaid with property taxes	-		<u>\$ 2,970,838</u>
Direct debt - City of Kingman			
Pledged revenue obligations	33,570,000	100.00%	\$ 33,570,000
Special assessment bonds	-	100.00%	-
Leases payable	1,444,740	100.00%	1,444,740
Subscription liability	396,444	100.00%	396,444
Loans payable	2,256,545	100.00%	<u>2,256,545</u>
Total direct debt			<u>37,667,729</u>
Total direct and overlapping debt			<u>\$ 40,638,567</u>

Source: The various jurisdictions, Mohave County's "Statement of 2024 Tax Levies and Rates," and the City of Kingman Finance Department.

"Proportion applicable to the City" is computed on the ratio of net limited property valuation for fiscal year 2024/25.

City of Kingman, Arizona

Table 13

Pledged-Revenue Coverage Governmental Funds Last Ten Fiscal Years

Fiscal Year	Excise Tax (2)	Excise Tax Revenue Bonds (1)		Coverage
		Debt Service Principal	Debt Service Interest	
2016	23,597,282	220,000	49,938	87.42
2017	24,868,699	230,000	40,588	91.91
2018	26,180,493	240,000	30,813	96.67
2019	24,751,783	500,000	3,206	49.19
2020	-	-	-	N/A
2021	-	-	-	N/A
2022	37,473,263	2,285,000	358,218	14.18
2023	40,679,284	1,895,000	657,892	15.93
2024	44,777,703	2,070,000	651,443	16.45
2025	45,237,495	2,080,000	640,751	16.63

Source: The City of Kingman Finance Department. Details regarding the City of Kingman's outstanding debt can be found in the notes to the financial statements.

- (1) In FY2019, Excise Tax Revenue Obligations for Airway Avenue Railroad Crossing were retired. In FY2022, Excise Tax Revenue Obligations for the Public Safety Pension Retirement System (PSPRS) were issued. In FY2025, Excise Tax Revenue Obligations for financing certain improvements to the water system and road improvements were issued.
- (2) Excise Tax revenues pledged include all excise, franchise, City transaction privilege taxes (excluding the additional tax charged on hotels and lodging and restaurants/bars), state shared transaction privilege taxes, state shared income taxes, licenses, permits, fines, and forfeitures.

City of Kingman, Arizona

Table 13

Pledged-Revenue Coverage

Enterprise Funds

Last Ten Fiscal Years

Water Infrastructure Financing Authority (WIFA)				
Fiscal Year	Net Available Revenue for WIFA Debt	Debt Service Principal (1)	Debt Service Interest	Coverage
2016	7,184,022	2,287,672	1,346,389	1.98
2017	8,481,857	5,994,862	1,128,190	1.19
2018	8,730,419	2,174,968	1,053,800	2.70
2019	7,469,785	2,276,237	952,119	2.31
2020	8,086,026	2,328,334	899,610	2.51
2021	8,598,682	2,409,039	818,905	2.66
2022	8,847,625	2,492,550	735,394	2.74
2023	8,537,761	2,578,965	648,979	2.64
2024	8,531,625	2,668,385	559,558	2.64
2025	7,954,936	2,760,916	467,028	2.46

Source: The City of Kingman Finance Department. Details regarding the City of Kingman's outstanding debt can be found in the notes to the financial statements.

(1) In FY2017, the City of Kingman made a one-time additional principal payment of \$3,892,735.

City of Kingman, Arizona
Table 14
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Personal Income	Per Capita Income	Unemployment Rate
2016	28,842	770,687,082	26,721	6.10%
2017	29,068	813,816,796	27,997	5.70%
2018	29,391	864,683,220	29,420	5.20%
2019	30,288	924,692,640	33,776	5.70%
2020	31,013	997,781,249	35,647	12.70%
2021	31,815	1,231,781,355	38,717	6.40%
2022	32,865	1,358,343,315	41,331	6.40%
2023	33,716	1,442,269,332	42,777	6.70%
2024	34,669	1,547,797,505	44,645	6.30%
2025	35,562	1,663,483,674	46,777	4.80%

Source: Arizona Commerce Authority Office of Economic Opportunity, and U.S. Census Bureau, and U.S. Bureau of Economic Analysis.



City of Kingman, Arizona
Table 15
Principal Employers
Current Year and Nine Years Ago

Employer	2025*	
	Employees	Percentage of Total Employment
Mohave County	1,358	10.05%
Kingman Hospital Inc	1,300	9.62%
Desert De Oro Foods, Inc	1,042	7.71%
Kingman Unified School District 20	795	5.88%
American Woodmark Corporation	513	3.80%
City of Kingman	421	3.12%
Mohave College	315	2.33%
Cardinal Health, Inc	200	1.48%
State of Arizona	187	1.38%
Cracker Barrel	118	0.87%
Total	6,249	46.24%
Total employment	13,510	
	2016	
Employer	Employees	Percentage of Total Employment
Kingman Regional Hospital	1,800	14.92%
Mohave County	1,263	10.47%
Kingman Unified School District	925	7.67%
Mohave Community College	700	5.80%
American Woodmark Corporation	550	4.56%
City of Kingman	334	2.77%
State of Arizona	278	2.30%
Citizens Utilities (Unisource)	112	0.93%
Laron, Inc	110	0.91%
TruServ	75	0.62%
Total	6,147	50.95%
Total employment	12,066	

Source: Economic Development data and the Arizona Commerce Authority

*Data was previously provided by the Maricopa Association of Governments who no longer provides this data for the region. Data for 2025 was provided by the Arizona Commerce Authority so the numbers may differ due to the reporting agency change.

City of Kingman, Arizona

Table 16

Full-time Equivalent City Government Employees by Function Last Ten Fiscal Years

	2016	2017	2018	2019	2020
General Government					
City Administration	8	8	9	9	9
Human Resources	5	4.5	5	5	5
City Clerk	3	3	3	3	2
City Attorney	6	6	6	6	7
Municipal Court	9	10	10	10	10
Finance	13	13	13	13	15
Total government	44	44.5	46	46	48
Public Safety					
Police	70	70	72	74	71
Dispatch Center	16	16	16	16	16
Firefighters	53	58	58	60	60
Total public safety	139	144	146	150	147
Public Works					
Engineering	15	17	18	19	20
Others	38	38	40	41	45
Total public works	53	55	58	60	65
Parks and Recreation	33	34	34	38	41
Information Technology	7	6	6	6	7
Community/Economic Development	10	8.0	8	9	10
Airport	-	-	-	6	6
Solid Waste	17	18	18	18	19
Water and Wastewater	32	37	41	42	44
Total support and administration	99	103	107	119	127
Total	335	346.5	357	375	387

Source: The City of Kingman's Human Resources Department.

*Beginning in 2024 Community Development is no longer reported with Firefighters and is reported with Community/Economic Development.

2021	2022	2023	2024	2025
9	9	9	9	9
5	6	7	7	7
2	2	2	2	2
7	7	7	7	7
10	10	10	10	10
15	15	17	17	17
48	49	52	52	52
69	71	73	73	73
16	17	17	17	17
63	66	66	55	60
148	154	156	145	150
20	20	20	21	20
45	49	50	55	58
65	69	70	76	78
40	40	41	41	41
7	7	7	7	7
7	8	7	20	22
6	7	7	7	7
17	17	18	19	19
44	44	44	46	46
121	123	124	140	142
382	395	402	413	422

City of Kingman, Arizona
Table 17
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020
Public Safety					
Police Stations	1	1	1	1	1
Police Vehicles	72	79	81	83	85
Fire Stations	4	4	4	4	4
Fire Vehicles	28	26	26	28	30
Streets					
Streets (miles)	224	224	224	224	234
Streetlights	851	851	851	851	851
Traffic Signals	24	24	24	24	24
Sanitation					
Collection Trucks	25	28	28	29	29
Parks and Recreation					
Parks Developed	13	13	13	13	15
Parks Acreage	146	146	146	146	175
Swimming Pools	2	2	2	2	2
Tennis Courts	4	4	4	4	4
Community Centers	1	1	1	1	1
Golf Courses	1	1	1	1	1
Transit					
Transit Buses	10	10	10	10	12
Water					
Water Mains (miles)	564	564	564	463	467
Fire Hydrants	2,485	2,485	2,485	2,539	2,531
Waste Water					
Sanitary Sewers (miles)	199	199	199	208	209
Manholes	2,997	2,997	2,997	3,285	3,332
Airport					
Hangars	45	45	45	45	45
Shade Ports	10	10	10	10	10
Leased Sq. Ft.	1,434,644	1,434,644	1,434,644	1,642,983	1,642,983
Available Lease Sq. Ft.	627,251	627,251	627,251	627,251	627,251
Industrial Park					
Leased Sq. Ft.	651,091	651,091	651,091	748,665	748,665

Source: The City of Kingman.

*Asset Statistics may decrease year over year due to abandonments, efficiencies, or correction items.

**A reduction resulted following an internal review of real property records.

***Available leased acreage may increase by 835 acres within the next few years once the FAA releases its obligations on the future land release area.

2021	2022	2023	2024	2025
1	1	1	1	1
87	92	92	92	92
4	4	4	4	4
32	32	32	32	32
234	234	234	234	234
851	851	851	851	851
24	24	24	24	24
27	27	27	27	27
15	15	15	15	15
175	175	175	175	175
2	2	2	2	2
4	4	4	4	4
1	1	1	1	1
1	1	1	1	1
12	12	12	12	12
464*	467	467	467	467
2526*	2,534	2,534	2,534	2,534
209	211	211	211	211
3318*	3,322	3,322	3,322	3,322
45	45	45	45	45
10	10	10	10	10
1,454,655	1,454,655	1,454,655	1,454,655	1,384,523
627,251	627,251	627,251	627,251	20,074,626
748,665	735,728**	735,728	735,728***	735,728

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

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
General government:										
Business licenses issued	2,355	2,087	346	283	272	421	507	578	503	372****
Voters served	16,649	16,650	16,234	18,305	18,702	19,972	21,773	21,773	20,219	21,619
Public records requested	80	80	56	55	54	66	199	508****	492	458
Criminal cases opened	N/A	N/A	N/A	N/A	924	855	911	1,039	1,139	1,142
Criminal cases closed	N/A	N/A	N/A	N/A	697	589	728	936	899	913
Civil litigation	7	7	8	7	8	7	10	6	5	5
Legal opinions	80-100	80-100	200-250	200-250	**	**	**	**	**	**
Case filings	3,641	3,902	4,126	3,496	**	**	**	**	**	**
Case terminations	3,685	3,761	4,105	3,418	**	**	**	**	**	**
Prosecutions	1,176	1,176	1,183	1,151	**	**	**	**	**	**
Computers installed and supported	310	335	330	342	356	390	390	416	378	383
Phones installed and supported	245	255	255	258	266	266	266	266	266	266
New residential permits issued	193	226	309	242	339	419	329	144	225	216
Residential Permit Valuations	\$ 33,808,957	\$ 38,071,001	\$ 50,439,706	\$ 37,008,507	\$ 55,180,965	\$ 68,541,668	\$ 51,190,260	\$ 24,144,903	\$ 37,889,696*****	\$ 32,748,278
New commercial permits issued	1	3	9	6	9	12	7	4	11*****	9
Commercial permit valuations	\$ 300,000	\$ 5,752,780	\$ 4,282,787	\$ 9,994,338	\$ 7,029,264	\$ 9,381,730	\$ 1,939,463	\$ 529,053	\$ 17,147,688*****	\$ 23,316,478
Public safety:										
Total calls for police services	38,760	44,232	38,417	42,301	39,172	35,532	35,084	35,220	34,715	36,949
Total arrests	3,927	4,468	2,865	2,723	1,683	1,338	1,713	2,013	2,335	2,612
Traffic accidents	1,004	1,066	1,111	1,167	1,034	1,054	1,192	1,111	1,119	1,093
Alarm runs	683	614	634	721	688	599	844	538	978	1,006
VIP program - volunteers	13	15	12	12	6	6	7	10	8	9
Clearance rate - part I offenses	83%	85%	76%	81%	83%	29%	62%	46%	47%	44%
Clearance rate - part II offenses	83%	85%	76%	81%	86%	53%	69%	62%	66%	67%
Fire response time - under 90 seconds	75%	21%	64%	90%	96%	98%	88%	87%	84%	87%
Fire inspections	1,404	1,496	1,638	1,868	1,646	1,697	1,771	1,116	1,193	805
Plan reviews - fire	301	356	806	124	106	50	173	81	61	189
Public education programs - fire	357	185	489	601	1,082	156	95*	29*	37*	40
Highways and streets:										
Paved streets maintained (miles)	230	230	234	234	234	234	234	234	234	234
Dirt streets maintained (miles)	16	18	19	19	19	19	19	19	19	19
Traffic signals maintained	24	24	24	24	24	24	24	22	22	22
Street lights maintained	850	850	850	850	851	851	851	851	851	851
Culture and recreation:										
Acres of ground maintained	268	269	218	298	767	767	767	767	767	767
Miles of medians maintained	18	16.5	16.5	17	17	17	17	17	17	17
Miles of trails maintained	18	16.5	16.5	-	-	-	23***	31	33	36
Number of sites maintained	26	20	20	21	50	50	50	50	50	50
Number of recreation programs offered	68	93	94	101	81	80	90	94	103	151

City of Kingman, Arizona

Table 18 Operating Indicators by Function Last Ten Fiscal Years

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-Type Activities										
Water:										
Acre feet of water pumped	7,729	8,082	8,337	8,186	8,623	9,083	9,044	9,446	9,779	10,023
Number of meters	20,665	20,975	21,524	20,281	20,751	21,911	23,539	23,526	24,504	25,142
Percentage of water loss	13%	15%	17%	9%	18%	19%	22%	24%	29%	29%
Wastewater:										
Total influent Hilltop WWPT (gallons)	582,700,000	573,375,000	670,445,000	609,841,000	638,925,000	653,949,000	647,713,000	702,797,000	747,099,000	813,068,000
Total influent Dometown WWPT (gallons)	85,800,000	86,951,000	86,167,000	93,206,735	93,057,000	90,097,000	90,706,000	91,805,260	98,771,300	91,141,000
Feet of sewer lines cleaned/televised	411,200	741,306	987,279	532,106	472,556	530,204	537,209	454,870	577,249	546,620
Solid Waste:										
Landfill tonnage	21,898	22,125	20,375	22,964	23,545	23,680	24,573	24,754	24,156	23,905
Number of landfill trips	3,967	3,917	3,740	3,932	4,185	4,190	4,316	4,427	4,703	4,769
Number of residential accounts	10,647	10,757	11,037	11,297	11,511	11,887	12,229	12,671	12,895	13,121
Number of commercial accounts	923	925	931	943	923	939	963	967	958	962
Utility billing:										
Turn on/off requests	5,740	4,114	8,683	6,199	5,676	5,396	5,783	5,354	5,124	5,510
Transit:										
Ridership	121,315	110,995	107,676	116,422	107,470	107,487	77,708	81,945	91,519	90,203
Service miles	190,475	191,291	190,323	187,795	174,774	178,981	190,707	188,498	190,667	190,245
Service hours	14,508	14,504	14,312	14,352	13,298	13,487	14,504	14,283	14,445	14,380

Source: The City of Kingman.

* The number of programs was consolidated to include multiple classes.

** Statistic is no longer being tracked.

*** Path miles were added and reported separately from median miles.

**** Public records requests for Community Development were included beginning in 2023.

***** Business License Code was updated resulting in less licenses being required.

*****An error in reporting was corrected.

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APPENDIX D

CITY OF KINGMAN, ARIZONA SUMMARIES OF SELECT PROVISIONS OF PRINCIPAL DOCUMENTS

The following is a summary of certain provisions of the Agreement and the Trust Agreement that are not described elsewhere in this Official Statement. These summaries do not purport to be comprehensive and reference should be made to the Agreement and the Trust Agreement for a full and complete statement of their provisions. All capitalized terms not defined in this Official Statement shall have the meaning set forth in the Trust Agreement and Agreement.

DEFINITIONS

For the purpose of the following summaries of the Agreement and the Trust Agreement, these words and phrases have the following meanings:

“Annual Current Principal Requirement” means, for any Bond Year, the amount of principal coming due during such Bond Year on the Obligations and any Parity Obligations.

“Annual Debt Service Requirement” means, for any Bond Year, the Annual Current Principal Requirement for that Bond Year and the amount required to be deposited to pay interest on any Parity Obligations and the Obligations in that Bond Year. For the purpose of compliance with the requirements of the Trust Agreement with respect to the proposed issuance of any Parity Obligations, such proposed Parity Obligations shall be treated as Outstanding for the determination of the Annual Debt Service Requirement. For the computation of Annual Debt Service Requirement, (i) debt service on Credit Enhanced Indebtedness shall be deemed to include any periodic fees payable to the issuer of any liquidity or credit facility as a condition to such issuer’s commitment to purchase such obligations upon tender or to provide moneys necessary for payment of principal of and interest on such obligations when due, and (ii) debt service on Credit Enhanced Indebtedness shall not be based upon the terms of any reimbursement obligation to the issuer of any liquidity or credit facility except to the extent and for periods during which payments are required to be made pursuant to such reimbursement obligation as a result of the issuer’s unreimbursed advances of funds thereunder.

“Authorizing Resolution” means Resolution No. 5602, passed, adopted and approved by Mayor and Council of the City on April 7, 2026.

“Bond Year” means, with respect to the Obligations, initially the period from the Closing Date of the Obligations to July 15, 2026, and thereafter the one-year period commencing each July 16 and ending the next forthcoming July 15.

“Business Day” means a day of the year other than Saturday, Sunday or a day on which banks in the State are authorized by law or executive order to close or on which the New York Stock Exchange is closed.

“City Representative” means the City Manager or Deputy City Manager/Finance Director or any other person authorized by the City Manager or Mayor and Council of the City to act on behalf of the City with respect to the Trust Agreement.

“Closing Date” means with respect to any series of Obligations, the day such Obligations, duly executed by the Trustee, are delivered to the Underwriter through the book-entry-only system.

“Credit Enhanced Indebtedness” means (i) any series of Parity Obligations for which payment when due of the principal of and interest on such Parity Obligations is fully secured by an irrevocable letter of credit, surety bond, insurance policy or other credit facility or arrangement pursuant to which the City is obligated to reimburse the issuer thereof for advances made thereunder to pay such principal or interest, or (ii) any series of Parity Obligations, a feature of which is an option on the part of the owners thereof to tender, or a requirement that such owners tender, all or a portion of such Parity Obligations to the City, or a trustee or other fiduciary for such owners, or another party, for payment of a purchase price or similar payment prior to their specified maturity or due date, if and to the extent that a party other than the City has undertaken to provide the moneys necessary for such payment, or (iii) if applicable, the Obligations.

“Depository Trustee” means any bank or trust company appointed by the City, which may include the Trustee, meeting the requirements of, and designated to act as, Depository Trustee pursuant to the Trust Agreement.

“Event of Default” means an event of default under the Agreement, or with respect to any Parity Obligations, an event of default specified thereunder.

“Excise Taxes” means all unrestricted excise, franchise, transaction privilege taxes, State Shared Revenues, fees for licenses and permits, and fines and forfeitures, bed and rental taxes, now or hereafter validly imposed by the City or contributed, allocated and paid over to the City and not earmarked by the contributor for a contrary or inconsistent purpose to the payments and other amounts to come due under the Agreement and the Trust Agreement. Revenues generated by the City from development impact fees will not be deemed Excise Taxes for purposes of the Agreement and the Trust Agreement. Revenues received by the City from vehicle license taxes charged by the State of Arizona will not be deemed Excise Taxes for purposes of the Agreement and the Trust Agreement. Pursuant to Ordinance No. 617, Ordinance No. 1668 and Ordinance No. 1716, the City imposed, respectively, an additional 2.0% hotel and lodging tax to fund tourism development, an additional 2.0% on hotels to fund capital projects and an additional 1.0% restaurant and bar tax to fund the repair and maintenance of streets. The revenues generated by the additional 4.0% hotel and lodging tax and the additional 1.0% restaurant and bar tax will not be deemed Excise Taxes for purposes of the Agreement and the Trust Agreement.

“Existing Parity Obligations” means the Series 2021 Obligations and the Series 2025 Obligations.

“Fiscal Year” means the period commencing each July 1 and ending June 30 of the succeeding calendar year, unless otherwise determined and designated by the City, and the Excise Taxes shall be accounted for on that basis.

“Independent Counsel” means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the City or the Trustee.

“Interest Payment Date” means each of the dates specified in the Trust Agreement on which interest is due and payable with respect to the Obligations.

“Market Value” means the indicated bid value of the investment or investments to be valued as shown in the Wall Street Journal or any publication having general acceptance as a source of valuation of the same or similar types of securities or any securities pricing service available to or used by the Trustee and generally accepted as a source of valuation.

“Maximum Annual Debt Service Requirement” means the greatest Annual Debt Service Requirement required to be paid in any Bond Year ending then or thereafter on or under the Outstanding Parity Obligations and the Obligations.

“Outstanding” when used as of any particular time with respect to Obligations, means (subject to the provisions of the Trust Agreement) all Obligations theretofore executed and delivered by the Trustee under the Trust Agreement except:

- (i) Obligations theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;
- (ii) Obligations for the payment or redemption of which funds or noncallable United States Obligations in the necessary amount shall have theretofore been deposited with a Depository Trustee; and
- (iii) Obligations in lieu of or in exchange for which other Obligations shall have been executed and delivered by the Trustee pursuant to the provisions related to transfer and exchange of obligations in the Trust Agreement.

When used as of any particular time with respect to Parity Obligations, Outstanding means all such Parity Obligations theretofore executed and delivered under the applicable authorizing documents except (x) those that have been cancelled or surrendered for cancellation; (y) those for which payment or redemption has been irrevocably provided for with funds or noncallable United States Obligations in the necessary amount and all other actions have been taken as required under the authorizing documents for the payment thereof; and (z) those in lieu of or in exchange for which other Parity Obligations shall have been executed and delivered pursuant to the authorizing documents therefor.

“Owner” means any person who shall be the registered owner of any Outstanding Obligation or Parity Obligation.

“Parity Obligations” means and includes the Existing Parity Obligations and other obligations authorized on a parity with the Obligations as to their lien on Excise Taxes in accordance with the terms and conditions of the Trust Agreement.

“Payment Date” means any date on which a Payment is due from the City pursuant to the Agreement.

“Payment Fund” means the fund by that name established and held by the Trustee pursuant to Article V hereof.

“Payments” means all payments required to be paid by the City on any date pursuant to the Agreement, including but not limited to the payments set forth in Exhibit A to the Agreement.

“Permitted Investments” means investments that are permitted under A.R.S. §§ 35-323 and 35-324, including:

- (i) Certificates of deposit in eligible depositories.
- (ii) Deposits in one or more federally insured banks or savings and loan associations placed in accordance with the procedures prescribed in A.R.S. § 35-323.01.
- (iii) Interest bearing savings accounts in banks and savings and loan institutions doing business in this State whose accounts are insured by federal deposit insurance for their industry, but only if deposits of more than the insured amount are secured by the eligible depository to the same extent and in the same manner as required under Arizona Revised Statutes Title 35, Article 2.1.
- (iv) Repurchase agreements with a maximum maturity of 180 days.
- (v) The pooled investment funds established by the State treasurer pursuant to A.R.S. § 35-326.
- (vi) Obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations or instrumentalities.
- (vii) Bonds, notes or other evidences of indebtedness of this State or any of its counties, incorporated cities or towns, school districts or special taxing districts, including registered warrants, substitute checks and electronic funds, transfer vouchers that bear interest pursuant to A.R.S. § 11-635.
- (viii) Bonds, notes or evidences of indebtedness of any county, municipal district, municipal utility or special taxing district of any state that are payable from revenues, earnings or a special tax specifically pledged for the payment of the principal of and interest on the obligations, and for the payment of which a lawful sinking fund or reserve fund has been established and is being maintained, but only if a default in payment on principal or interest on the obligations to be purchased has not occurred within five years after the date of investment, or, if such obligations were issued less than five years before the date of investment, a default in payment of principal or interest has not occurred on the obligations to be purchased nor any other obligations of the issuer within five years after the investment.
- (ix) Bonds, notes or evidences of indebtedness issued by any county improvement district or municipal improvement district of any state to finance local improvements authorized by law, if the principal and interest of the obligations are payable from assessments on real property within the improvement district. An investment shall not be made if:
 - (a) The face value of all such obligations, and similar obligations outstanding, exceeds 50% of the market value of the real property, and if improvements on which the bonds or the assessments for the payment of principal and interest on the bonds are liens inferior only to the liens for general ad valorem taxes.
 - (b) A default in payment of principal or interest on the obligations to be purchased has occurred within five years after the date of investment, or, if the obligations were issued less than five years before the

date of investment, a default in the payment of principal or interest has occurred on the obligations to be purchased or on any other obligation of the issuer within five years after the investment.

(x) Commercial paper of prime quality that is rated within the top two ratings by a nationally recognized rating agency. All commercial paper must be issued by corporations organized and doing business in the United States.

(xi) Bonds, debentures, notes or other evidences of indebtedness that are denominated in United States dollars and that carry at a minimum an "A" or better rating, at the time of purchase, from at least two nationally recognized rating agencies.

(xii) Negotiable or brokered certificates of deposit issued by a nationally or state-chartered bank or savings and loan association.

(xiii) Securities of or any other interests in any open-end or closed-end management type investment company or investment trust, including exchange traded funds whose underlying investments are invested in securities allowed by state law, registered under the investment company act of 1940 (54 Stat. 789; 15 United States Code sections 80a-1 through 80a-64), as amended.

(xiv) Fixed income securities of corporations organized and doing business in any state of the United States or the District of Columbia which carry one of the two highest ratings of Moody's and S&P or their successors. If only one of the above mentioned services rates the security, it must carry the highest rating of that service. If a rating change occurs after purchase, it is not mandatory to sell the security.

(xv) Investments in money-market funds rated "AAAm" or "AAm" by S&P and, if rated by Moody's, rated "Aaa-mf," or "Aa-mf."

(xvi) Investments in U.S. dollar denominated deposit accounts that are fully and continuously insured by the FDIC.

"Series 2021 Obligations" means the City of Kingman, Arizona, Excise Tax Revenue Obligations, Taxable Series 2021 (\$38,755,000 principal amount issued, \$28,330,000 outstanding).

"Series 2025 Obligations" means the City of Kingman, Arizona, Excise Tax Revenue Obligations, Series 2025 (\$10,205,000 principal amount issued, \$9,880,000 outstanding).

"United States Obligations" means any bonds or other obligations that are direct obligations of or fully guaranteed as to timely payment of principal, interest and any premium by the United States of America (including Refcorp Strips).

"State Shared Revenues" means all received amounts of excise taxes, transaction privilege (sales) taxes and income taxes imposed by the State or any agency thereof and returned, allocated or apportioned to the City, except the City's share of any such taxes which by State law, rule or regulation must be expended for other purposes, such as motor vehicle fuel taxes. Revenues received by the City from vehicle license taxes charged by the State are not deemed State Shared Revenues for purposes of the Trust Agreement or the Agreement.

AGREEMENT

Term and Payments.

(a) To provide the funds necessary to finance the Project, the Trustee shall execute and deliver the Obligations and apply the proceeds thereof to finance the Project at the direction of the City and the Trustee shall sell to the City and the City shall buy from the Trustee, the Project. The City agrees to pay all costs and expenses attendant to the Project. To provide the funds necessary therefor, the Trustee, pursuant to the Trust Agreement, will execute and deliver the Obligations.

(b) For such purpose, the City agrees to make payments (the “Payments”) under the Agreement to the Trustee in the amounts set forth in Exhibit A attached to the Agreement and incorporated therein, and the Trustee hereby agrees to accept the Payments. The payments shall be composed of the amounts described in this subsection:

(i) Commencing on the 10th day of the month following the Closing Date of the Obligations and until the payment in full or provision for payment in full by prepayment, redemption, or defeasance under the Trust Agreements of the Series 2021 Obligations and the Series 2025 Obligations, the City shall pay to the Trustee the following amounts, in the following order of priority, for deposit into the Payment Fund: (A) the amount due on the next succeeding Interest Payment Date divided by the number of monthly payments that can be made prior to such next succeeding Interest Payment Date, and commencing on the 10th day of the month following such Interest Payment Date, the City shall pay to the Trustee 1/6th of the next forthcoming Payment allocated to interest on the Obligations, and (B) the amount due on the next succeeding principal Payment Date divided by the number of monthly payments that can be made prior to such next succeeding principal Payment Date, and commencing on the 10th day of the month following such principal Payment Date, the City shall pay to the Trustee 1/12th of the next forthcoming Payment allocated to principal on the Obligations

(ii) After payment in full or provision for payment in full by prepayment, redemption, or defeasance under the Trust Agreements of the Series 2021 Obligations and the Series 2025 Obligations, the City shall pay the Payments to the Trustee three Business Days in advance of the Payment Dates set forth, and in the amounts set forth, in the payment schedule attached hereto as Exhibit A.

(iii) The City’s obligation to make such Payments shall be limited to payment from Excise Taxes pledged to the payment thereof by the City.

(c) Reserved.

(d) The obligations of the City to make the Payments from the sources described in the Agreement and to perform and observe the other agreements contained therein shall be absolute and unconditional and shall not be subject to any defense or any right of set-off, abatement, counterclaim, or recoupment arising out of any breach of the Trustee of any obligation to the City or otherwise, or out of indebtedness or liability at any time owing to the City by the Trustee. Until such time as all of the Payments shall have been fully paid or provided for, the City (i) will not suspend or discontinue any payments provided for in this section, (ii) will perform and observe all other agreements contained in the Agreement, and (iii) will not terminate the term of the Agreement for any cause, including, without limiting the generality of the foregoing, failure of Trustee or any other person to complete the acquisition, construction and installation of the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, abandonment of the Project by City, any change in the tax or other laws of the United States of America or of the State of Arizona or any political subdivision of either or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Trust Agreement or the Agreement. Nothing contained in this section shall be construed to release the Trustee from the performance of any of the agreements on its part in the Agreement or in the Trust Agreement and in the event the Trustee shall fail to perform any such agreements on its part, the City may institute such action against the Trustee as the City may deem necessary to compel performance so long as such action does not abrogate the obligations of the City contained in the first sentence of this paragraph (d). The Agreement shall not terminate so long as any payments are due and owing under the Obligations.

(e) In the event that the City expects that it will not make a Payment when due under the Agreement, the City shall, at least five Business Days before the date such Payment is due, notify the Trustee in writing of such expectation.

Pledge of Excise Taxes; Limited Obligations.

(a) The City hereby pledges for the Payments to be made under the Agreement and all other amounts payable pursuant hereto its Excise Taxes. The City intends that this pledge shall be a first lien pledge upon such amounts of said taxes as will be sufficient to make the Payments pursuant hereto when due. The City agrees and covenants to make said Payments from such Excise Taxes, except to the extent it chooses to make the Payments from other funds pursuant to the Agreement. Said pledge of, and said lien on, the Excise Taxes is hereby irrevocably made

and created for the prompt and punctual payment of the amounts due under the Agreement according to the terms thereof, and to create and maintain the funds as hereinafter specified in the Agreement or as may be specified in the Trust Agreement. All of the Payments are coequal as to the pledge of and lien on the Excise Taxes pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from Excise Taxes or security therefor. The pledge and lien shall be on parity with the pledge of and lien on such Excise Taxes for the payments due with respect to the Parity Obligations. The City shall remit to the Trustee from Excise Taxes all amounts due under the Agreement in the amounts and at the times and for the purposes as required in the Agreement. In order to secure payment of the Obligations and Parity Obligations, the City previously created a separate and special fund which shall contain only Excise Taxes and shall not contain any other moneys of the City, known as the "Kingman Excise Tax Fund" (the "*Excise Tax Fund*"). The Excise Tax Fund is and shall continue to be funded solely and only from the Excise Taxes received by the City and from no other source. The Excise Tax Fund may be reduced to zero in each month after the amounts required to be transferred to the applicable trustee for the applicable payment fund for the Existing Parity Obligations, the Obligations and any other Parity Obligations have been transferred. All payments to be made pursuant to the Agreement shall be made from the Excise Tax Fund. If at any time the moneys in the Excise Tax Fund are not sufficient to make all of the deposits and transfers required by the Agreement or the Parity Obligations, the moneys in the Excise Tax Fund shall be distributed between the Agreement and the Parity Obligations on a pro rata basis as determined by the debt service then due without regard to the existence of a reserve fund, a cash funded reserve fund or a reserve fund guaranty or similar surety. Any deficiency in the Excise Tax Fund shall be made up from the first moneys thereafter received and available for such transfers under the terms of the Agreement, and the transfer of any such sum or sums to said fund or accounts as may be necessary to make up any such deficiency shall be in addition to the then-current transfers required to be made pursuant hereto.

(b) The City's obligation to make payments of any amounts due under the Agreement, including amounts due after default or termination thereof, is limited to payment from Excise Taxes and shall in no circumstances constitute a general obligation of, or a pledge of the full faith and credit of, the City, the State of Arizona or any of its political subdivisions, or require the levy of, or be payable from the proceeds of, any ad valorem taxes.

Prepayment; Providing for Payment.

(a) The City may prepay the Payments in order to cause the redemption of the Obligations as provided in the Trust Agreement.

(b) The City may provide for the payment of any Payment in any one or more of the following ways:

(i) by paying such Payment as provided in the Agreement as and when the same becomes due and payable at its scheduled due date pursuant to the Agreement or on a date on which it can be prepaid;

(ii) by depositing with a Depository Trustee (as defined below), in trust for such purposes, at or before maturity, money which, together with the amounts then on deposit with the Trustee and available for such Payment is fully sufficient to make, or cause to be made, such Payment at its scheduled due date or on a date on which it could be prepaid; or

(iii) by depositing with a Depository Trustee, in trust for such purposes, any United States Obligations which are noncallable, in such amount as shall be certified to the Trustee and the City, by a national firm of certified public accountants acceptable to the City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit with the Trustee and available for such Payment, to make, or cause to be made, such Payment, as and when the same becomes due and payable at maturity or on a date on which it could be prepaid.

A Depository Trustee shall be any bank or trust company, including the Trustee, with a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or State of Arizona authority who holds money and securities in trust for the purposes set forth in subparagraphs (ii) or (iii) of this paragraph (b) (a "Depository Trustee").

Event of Default and Remedies Upon Event of Default.

(a) The occurrence of one or more of the following events shall constitute an “Event of Default,” whether occurring voluntarily or involuntarily, by operation of law or pursuant to any order of any court or governmental agency:

(i) The City’s failure to make any Payment, any other amount payable under the Agreement or under the Trust Agreement or under any governing documents relating to any Parity Obligations when the same shall become due;

(ii) The City’s failure to perform or observe any other covenant, condition or agreement required to be performed or observed by the City under the Agreement or under the Trust Agreement or under any governing documents relating to any Parity Obligations, which failure continues for a period of 20 days after written notice thereof from the Trustee to the City; provided, however, that if the failure cannot be corrected within the applicable time period, the Trustee will be entitled, subject to the terms of the Trust Agreement, to consent to an extension of 180 days from the date of delivery of such written notice to the City by the Trustee if corrective action is instituted by the City within the applicable period and diligently pursued until the default is corrected; provided, however, that if the failure cannot be corrected within the initial 180 day extension, the City may request, and the Trustee may, subject to the terms of the Trust Agreement, consent to, successive additional 180 day extension(s) so long as the City is diligently pursuing corrective action; provided further that should the City require an extension of time to correct any such failure the Trustee shall be provided with a certification from the City to the effect that the failure cannot be corrected within the required timeframe and the City has commenced or will promptly commence such corrective action and will diligently pursue such corrective action;

(iii) Any representation or warranty made by the City under the Agreement shall be untrue in any material respect as of the date made and not made true in all material respects within 20 days after written notice thereof from the Trustee to the City;

(iv) The City shall make, permit or suffer any unauthorized assignment or transfer hereof or any interest therein; or

(v) The City becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee or receiver for the City or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee or receiver is appointed for the City or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the City and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within 60 days.

(b) Upon the occurrence of any Event of Default specified in paragraph (a) of Section 11 of the Agreement, the Trustee shall give written notice of such Event of Default to the City and may, upon the request of the Owners of 25% in aggregate principal amount of the Obligations then outstanding and upon being indemnified pursuant to its satisfaction, pursue or exercise any of the following remedies or rights, provided that such election or commencement to exercise any such remedy or right shall not preclude the Trustee from concurrently or separately electing or exercising any other remedy not inconsistent therewith:

(i) Enforce the Agreement by appropriate legal or other action to collect all amounts due or accruing under the Agreement or under the Trust Agreement and to cause the City to pay or perform its other obligations under the Agreement or under the Trust Agreement when and as the same shall be required to be paid or performed under the Agreement or under the Trust Agreement, and for damages for the breach of the Agreement and of the Trust Agreement, which damages shall be the amounts payable under the Agreement at the times therein set forth without acceleration plus the reasonable costs of collection, including reasonable attorneys’ fees and expenses.

(ii) Pursue and exercise any other remedy available at law or in equity and all other remedies permitted under the Trust Agreement. No other remedy exercised by the Trustee under Section 11 of the Agreement shall excuse any of the City’s obligations under the Agreement.

(c) The Trustee, upon the bringing of a suit to collect the Payments in default, may as a matter of right, without notice and without giving bond to the City or anyone claiming under the City, seek and obtain injunctive relief.

(d) The obligation of the City to make Payments is not subject to acceleration and such Payments may not be made immediately due and payable for any reason.

Assignment.

(a) Except as otherwise provided in the Agreement, without the prior written consent of the Trustee (which, prior to the payment of the Obligations in full, shall not be given without the Trustee's receipt of direction from the Owners of a majority in aggregate principal amount of the Obligations then Outstanding to give such consent), the City shall not assign, transfer, pledge or hypothecate or otherwise dispose of the Agreement, or any interest therein.

(b) Subject to the terms of the Trust Agreement, the Trustee shall be entitled, with or without notice to, or the consent of, the City, to sell, pledge, assign, transfer and encumber all or any part of its right, title and interest in and to the Agreement and all payments of any kind due or which become due to the Trustee under the Agreement, provided that such transfer or assignment shall not impair the Obligations, that the transferee or assignee shall be bound by the terms of the Agreement and all related agreements executed by the Trustee in connection herewith and shall execute such nondisturbance and acceptance instruments as shall reasonably be required by the City to evidence the same as hereinafter provided and, upon the City's receipt of notice of any such assignment or transfer of the Trustee's interest, any such assignee(s) or transferee(s) shall thereafter (collectively, if more than one) become and be deemed to be the Trustee under the Agreement, and have all of the rights, powers, privileges and remedies, and be subject to all of the covenants and agreements, of the Trustee under the Agreement for all purposes thereof.

Upon the City's receipt of written notice as above-described, of the Trustee's sale, assignment or transfer of all or any part of its interest in the Agreement or the payments thereunder, the City agrees to attorn to and recognize any such purchaser(s), assignee(s) or transferee(s) (jointly if more than one) as the owner(s) of all right, title and interest in, to and under the Agreement and the payments thereafter due and payable pursuant thereto, and as the trustee(s) under the Agreement. Upon the written request of any purchaser, assignee or transferee of the Trustee's interest, the City agrees to execute and deliver to such purchaser, assignee or transferee such certificates or other instruments in such forms as may reasonably be required by such purchaser, assignee or transferee, and to which the City can truthfully attest, including but not limited to a separate acknowledgment of assignment and attornment certificate in the customary form as to such purchaser's, assignee's or transferee's right, title and interest in, to and under the Agreement and the payments thereafter due and payable pursuant hereto. Any such purchaser, assignee or transferee shall agree in writing to assume and perform all of the duties and responsibilities of the Trustee and shall acknowledge the City's rights under the Agreement; provided, however, that in the event the Trustee becomes merged or consolidated with any other entity and the resulting entity meets the requirements for a successor trustee under the Trust Agreement, then the resulting entity shall assume all rights, responsibilities and duties of the Trustee under the Agreement without the execution or filing of any papers or any further act on the part of either party and the "Trustee" under the Agreement shall refer to such resulting party.

Conflict of Interest. A.R.S. § 38-511 provides that the City may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, the City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City from any other party to the contract arising as a result of the contract.

TRUST AGREEMENT

Establishment of Payment Fund. The Trustee shall establish a special fund designated as the "City of Kingman 2026 Payment Fund" (which shall also be known as the "Payment Fund"). All moneys at any time deposited by the Trustee in the Payment Fund shall be held by the Trustee in trust for the benefit of the Owners of the Obligations. So long as any Obligations are Outstanding, the City shall have no beneficial right or interest in the Payment Fund or the

moneys deposited therein, except only as provided in the Trust Agreement, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

Pledge.

(a) The Payments and all other amounts due under the Agreement are payable from a pledge of, and secured by a lien on, the Excise Taxes as may be necessary for their prompt and punctual payment. Said pledge of, and said lien on, the Excise Taxes is irrevocably made and created by the City pursuant to the Agreement for the prompt and punctual payment of amounts due under the Agreement according to its terms, and to create and maintain the funds as hereinafter specified therein and in the Trust Agreement. None of the Payments with respect to the Obligations shall be entitled to priority or distinction one over the other in the application of the Excise Taxes thereby pledged to the payment thereof. The Payments made by the City in connection with the Obligations and the payments for hereafter issued Parity Obligations are co-equal as to the pledge of and lien on the Excise Taxes pledged for the payment thereof and share ratably, without preference, priority or distinction, as to the source or method of payment from Excise Taxes or security therefor.

(b) The City's obligation to make the Payments or any other payments under the Agreement or the Trust Agreement does not constitute an obligation of the City or the State, or any of its political subdivisions, for which the City or the State, or any of its political subdivisions, is obligated to levy or pledge any form of ad valorem property taxation nor does the obligation to make the Payments or any other payments under the Agreement or the Trust Agreement constitute an indebtedness of the City or of the State or any of its political subdivisions within the meaning of the Constitution of the State or otherwise.

Protection of Lien. The Trustee and the City hereby agree not to make or create, and the City hereby agrees not to suffer to be made or created, any assignment or lien having priority or preference over the assignment and lien of the Trust Agreement upon the interests granted thereby or any part thereof. The Trustee and the City agree that no obligations the payment of which is secured by a superior or equal claim on or interest in property or revenues pledged under the Trust Agreement will be delivered by either except in lieu of, or upon transfer of registration or exchange of, any Obligation as provided in the Trust Agreement and except for Parity Obligations.

Existing Parity Pledge. The pledge of Excise Taxes under the Agreement is on parity with the pledge of the Excise Taxes to payments due on or with respect to the Existing Parity Obligations.

Parity Obligations. Parity Obligations may be issued by the City on a parity with the Obligations in the Trust Agreement authorized if all of the following conditions are met:

(a) The Excise Taxes available for payment of the Payments and any Parity Obligations for the completed Fiscal Year immediately preceding the issuance of the Parity Obligations must have been at least equal to two times the Maximum Annual Debt Service Requirement on all Outstanding Obligations and Parity Obligations immediately after the issuance of new Parity Obligations as shown by a certificate signed by City Representative.

(b) The payments required to be made into each fund created pursuant hereto must then be current.

(c) Reserved.

(d) The obligation to make payments on the Parity Obligations from Excise Taxes shall not be subject to acceleration for any reason and such payments shall not be made immediately due and payable prior to their scheduled due date.

(e) Parity Obligations may include any long-term obligation or deferred payment for property including, without limitation, installment-purchase or lease-purchase agreements. For the purpose of this section, payments on installment purchase or lease purchase agreements shall be deemed to include a principal component and an interest component and references in the Trust Agreement to the payment of principal, interest and premium shall include the payment of long-term obligations, including lease-purchase or installment-purchase payments.

(f) The Parity Obligations or any part thereof may be refunded and the refunding Parity Obligations so issued shall enjoy complete equality of lien with the portion of the Parity Obligations which is not refunded, if any,

and the refunding Parity Obligations shall continue to enjoy whatever priority of lien over subsequent issues that may have been enjoyed by the Parity Obligations refunded.

If Parity Obligations are executed and delivered to refund the Obligations or one or more series of other Parity Obligations by providing for payment of the amounts due thereon in advance of their maturity, then such refunded Obligations or Parity Obligations, to the extent they will no longer be Outstanding after the refunding, will be treated as not Outstanding for purposes of the Trust Agreement, including but not limited to, the purpose of determining the Maximum Annual Debt Service Requirement required by this section.

Investments Authorized. Upon written order of the City Representative, moneys held by the Trustee under the Trust Agreement shall be invested and reinvested by the Trustee in Permitted Investments selected by the City. Such investments, if registrable, shall be registered in the name of the Trustee and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this section and may invest in funds which are Permitted Investments to which the Trustee or any of its affiliates provide services as an investment advisor. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. Amounts in the Payment Fund may be invested only in Permitted Investments which (a) are rated no lower than the underlying rating on the Obligations or (b) secured by obligations which are so rated. Absent written direction of the City, the Trustee shall hold all moneys held under the Trust Agreement uninvested.

Liability of Trustee; Standard of Care. The recitals of facts, covenants and agreements in the Trust Agreement and in the Obligations contained shall be taken as statements, covenants and agreements of the City, and the Trustee assumes no responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of the Trust Agreement or of the Obligations or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations in the Trust Agreement or in the Obligations assigned to or imposed upon them, respectively. Prior to the occurrence of an Event of Default under the Trust Agreement, or after the timely cure of an Event of Default, the Trustee shall perform only such duties as are specifically set forth in the Trust Agreement. After the occurrence of an Event of Default and during the continuance thereof, the Trustee shall exercise such of the rights and powers vested in it, and use the same degree of care and skill in such exercise, as a prudent person would exercise under the circumstances in the conduct of the Trustee's affairs.

Protection and Rights of the Trustee.

(a) The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificates, statements, affidavit, voucher, bond, requisition or other paper or document that it shall in good faith believe to be genuine and to have been passed or signed by the proper governing body or person or to have been prepared and furnished pursuant to any of the provisions of the Trust Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Trustee and satisfactory evidence of the ownership of such Obligation shall be furnished to the Trustee. The Trustee may consult with counsel, who may be counsel to the City with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Trust Agreement in good faith in accordance therewith.

(b) Whenever in the administration of its duties under the Trust Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Trust Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Trust Agreement) shall be deemed to be conclusively proved and established by the certificate of the City Representative and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(c) The Trustee may become the Owner of the Obligations with the same rights it would have if it were not Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the City with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as

a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Obligations, whether or not such committee shall represent the Owners of the majority in principal amount of the Obligations then Outstanding.

(d) The recitals, statements and representations by the City contained in the Trust Agreement or in the Obligations shall be taken and construed as made by and on the part of the City and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

(e) The Trustee may execute any of the trusts or powers of the Trust Agreement and perform the duties required of it thereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty under the Trust Agreement, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any discretion or power under the Trust Agreement or for anything whatever in connection with the funds and accounts established thereunder, except only for its own willful misconduct or negligence.

(f) No provision in the Trust Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder. The Trustee shall not be accountable for the use or application by the City or any other party of any funds that the Trustee has released in accordance with the terms of the Trust Agreement. In no event shall the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Agreement or the Trust Agreement for the acquisition, construction, installation, furnishing, equipping, existence, or use of the Project. The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Project.

(g) Notwithstanding any provision in the Trust Agreement or in the Agreement to the contrary, the Trustee shall not be required to take notice or be deemed to have notice of any default or Event of Default, except an Event of Default under Section 11(a)(i) of the Agreement, unless an officer of the Trustee with responsibility for administration of the Trust Agreement has actual notice thereof or is specifically notified in writing of such default by the City or the Owners of at least 25% in aggregate principal amount of the Obligations then Outstanding.

Removal and Resignation of Trustee.

(a) The City (but only if no Event of Default has occurred and is continuing), or the Owners of a majority in aggregate principal amount of all Obligations Outstanding by written directive, at any time and for any reason, may remove the Trustee and any successor thereto, but any such successor shall be a bank or trust company doing business and having an office in the State, having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 and subject to supervision or examination by Federal or State authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or the requirements of any supervising or examining authority above referred to, then, for the purposes of this section, the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Trustee may at any time resign by giving written notice to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor trustee by an instrument in writing; provided, however, that in the event that the City does not appoint a successor trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may petition the appropriate court having jurisdiction to appoint a successor trustee. Any resignation or removal of the Trustee and appointment of a successor trustee shall become effective upon acceptance of appointment by the successor trustee. Trustee and City shall execute any documents reasonably required to affect the transfer of rights and obligations of the Trustee to the successor trustee. Upon such acceptance, the successor trustee shall mail notice thereof to the Obligation Owners at their respective addresses set forth on the Obligation registration books maintained pursuant to Section 2.13 of the Trust Agreement.

Amendments Permitted.

(a) The Trust Agreement and the rights and obligations of the Owners of the Obligations and the Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which shall become effective when the written consent of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, exclusive of Obligations disqualified as provided in Section 9.3 of the Trust Agreement, shall have been filed with the Trustee. No such modification or amendment shall (i) extend or have the effect of extending the fixed maturity of any Obligation or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof, without the express consent of the Owner of such Obligation, or (ii) reduce or have the effect of reducing the percentage of Obligations required for the affirmative vote or written consent to an amendment or modification of the Agreement without the express consent of the Owners of the Obligations, or (iii) modify any of the rights or obligations of the Trustee without its written assent thereto. Any such supplemental agreement shall become effective as provided in Section 9.2 of the Trust Agreement.

(b) The Trust Agreement and the rights and obligations of the Owners of the Obligations and the Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any such Owners, but only (i) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power in the Trust Agreement reserved to the Trustee or the City, (ii) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement or in the Agreement, (iii) to facilitate the issuance of additional Parity Obligations, (iv) in connection with rating matters, (v) to preserve the exclusion of interest represented by the Obligations from gross income for purposes of federal or State income taxes and to preserve the power of the City to continue to issue bonds or incur other obligations the interest on which is likewise exempt from federal and State income taxes or (vi) in regard to questions arising under the Trust Agreement or under the Agreement, as the parties hereto or thereto may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the Obligations. Any such supplemental agreement shall become effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee may rely upon an opinion of nationally recognized bond counsel as conclusive evidence that any such supplemental agreement or amendment to the Agreement complies with Section 9.1 of the Trust Agreement.

Procedure for Amendment With Written Consent of Owners.

(a) The Trust Agreement and the Agreement may be amended by supplemental agreement as provided in Section 9.2 of the Trust Agreement in the event the consent of the Owners of the Obligations are required pursuant to Section 9.1 of the Trust Agreement. A copy of such supplemental agreement, together with a request to the Obligation Owners for their consent thereto, shall be mailed by the Trustee to each Owner of an Obligation at his address as set forth on the Obligation registration books maintained by the Trustee pursuant to Section 2.13 of the Trust Agreement, but failure to mail copies of such supplemental agreement and request shall not affect the validity of the supplemental agreement when assented to as in Section 9.2 of the Trust Agreement.

(b) Such supplemental agreement shall not become effective unless there shall be filed with the Trustee the written consent of the Owners of a majority in principal amount of the Obligations then Outstanding (exclusive of Obligations disqualified as provided in Section 9.3 of the Trust Agreement) and a notice shall have been mailed as hereinafter provided in Section 9.2 of the Trust Agreement. The consent of an Owner of an Obligation shall be effective only if accompanied by proof of ownership of the Obligations for which such consent is given, which proof shall be such as is permitted by Section 2.12 of the Trust Agreement. Any such consent shall be binding upon the Owner of the Obligation giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter provided for in Section 9.2 of the Trust Agreement has been mailed.

(c) After the Owners of the required percentage of Obligations have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Obligations in the manner hereinbefore provided in this section for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Obligations and will be effective as provided in Section 9.2 of the Trust Agreement (but failure to mail copies of said notice shall not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the

papers required by this section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall become effective upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto and the Owners of all Obligations at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60-day period.

Covenants. The City covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Agreement. The City will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be an Event of Default under the Agreement.

The City will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the City, including its right to exist and carry on business as a political subdivision, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Limitation of Liability. Except for the payment of the Payments from Excise Taxes when due in accordance with the Agreement and the performance of the other covenants and agreements of the City contained in the Agreement, the City shall have no pecuniary obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the Trust Agreement, or the terms, execution, delivery or transfer of the Obligations, or the distribution of the Payments to the Owners by the Trustee.

The City shall have no obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement.

Indemnification of the Trustee.

(a) To the extent permitted by law, the City shall indemnify and save the Trustee harmless for, from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (i) the Obligations or the use, maintenance, condition or management of, or from any work or thing done on, the Project, or any portion thereof or interest therein, by the City; (ii) any breach or default on the part of the City in the performance of any of its obligations under the Trust Agreement and under any other agreement made and entered into in connection with the Obligations; (iii) any act of negligence of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Obligations or the Project; (iv) any act of negligence of any assignee of, or purchaser from, the City or of any of its or their agents, contractors, servants, employees or licensees with respect to the Project; (v) the acquisition, construction or installation of the Project or any interest therein; (vi) the actions of any other party, including but not limited to the operation or use of the Project or the site of the Project, or interest therein, by the City; (vii) the ownership of the Project, or the site of the Project, or interest therein; (viii) the Trust Agreement and the Agreement, including the Trustee's exercise and performance of its powers and duties hereunder, or (ix) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Obligations, including the costs and expenses of defending itself against any claim of liability arising under the Trust Agreement. No indemnification will be made under this section or elsewhere in the Trust Agreement for willful misconduct or negligence under the Trust Agreement by the Trustee, or by its officers or employees. The City's obligations under the Trust Agreement shall remain valid and binding notwithstanding the maturity and payment of the Obligations or resignation or removal of the Trustee.

(b) The Trustee, promptly after determining that any event or condition which requires or may require indemnification by the City under the Trust Agreement exists or may exist, or after receipt of notice of the commencement of any action in respect of which indemnity may be sought under the Trust Agreement, shall notify the City in writing of such circumstances or action (a "Notification"). Upon giving of a Notification, the Trustee shall cooperate fully with the City in order that the City may defend, compromise or settle any such matters or actions which may result in payment by City under the Trust Agreement. The City shall give the Trustee notice of its election within 15 days after receiving the Notification whether the City, at its sole cost and expense, shall represent and defend the

Trustee in any claim or action which may result in a request for indemnification under the Trust Agreement. If the City timely gives the notice that it will represent and defend the Trustee thereafter, so long as the City engages counsel satisfactory to the Trustee and the City diligently pursues such defense, the Trustee shall not settle or compromise or otherwise interfere with the defense or undertakings of the City under the Trust Agreement. The City shall not settle or compromise any claim or action against the Trustee without the written approval of the Trustee, except to the extent that the City shall pay all losses and the Trustee shall be fully released from such claim or action. If the City either fails to timely give its notice or notifies the Trustee that the City will not represent and defend the Trustee, the Trustee may defend, settle, compromise or admit liability as it shall determine in the reasonable exercise of its discretion and in an effort to minimize any claims for indemnity made under the Trust Agreement. In the event the City is required to and does indemnify the Trustee as provided in the Trust Agreement, the rights of the City shall be subrogated to the rights of the Trustee to recover such losses or damages from any other person or entity.

Payee's Rights Held in Trust. As provided herein, the Trustee holds in trust hereunder all of the Payee's rights in and to the Agreement, including without limitation all of the Payee's rights to exercise such rights and remedies conferred on the Payee pursuant to the Agreement as may be necessary or convenient to enforce payment of the Payments and any other amounts required to be deposited in the Payment Fund and enforcement of the pledge of Excise Taxes.

Remedy. If an Event of Default shall happen, then and in each and every such case during the continuance of such Event of Default, the Trustee may, and upon request of the Owners of 25% in aggregate principal amount of the Obligations and indemnified to its satisfaction from any liability or expense shall, exercise one or more of the following remedies:

(a) The Trustee may proceed to protect and enforce its rights and the rights of the holders of the Obligations hereunder by a suit or suits in equity or at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement or in the Agreement, or in aid of the execution of any power granted herein or in the Agreement or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, may deem most effectual to protect and enforce any of the rights or interests under the Obligations, the Trust Agreement and/or the Agreement. All rights of action hereunder or under any of the Obligations or under the Agreement may be enforced by the Trustee without the possession of any of the Obligations or the production thereof on any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, and any recovery of judgment shall be for the ratable benefit of the Owners of the Obligations.

(b) The Trustee, upon the bringing of a suit to enforce any of its rights under the Trust Agreement or under the Agreement, as a matter of right without notice and without giving bond to the City or anyone claiming under them, may (i) have a receiver appointed of all of the property encumbered hereby and of the earnings, income, rents, issues and profits thereof, and of all the Excise Taxes that are pledged for the payment of the payments under the Agreement, pending such proceedings, with such powers as the court making such appointment shall confer, including such powers as may be necessary or usual in such cases for the collection and proper disbursement of the Excise Taxes pledged for the payment of the Payments under the Agreement, and the City does hereby irrevocably consent to such appointment and (ii) seek and obtain such injunctive relief as may be appropriate.

(c) The Trustee shall be appointed, and the successive respective Owners by taking and owning the Obligations, shall be conclusively deemed to have so appointed the Trustee, the true and lawful attorney-in-fact of the respective Owners, with authority to make or file, in the respective names of the Owners or in behalf of all Owners as a class, any proof of debt, amendment to proof of debt, petition or other document; to receive payment of all sums becoming distributable on account thereof; to execute any and all acts and things for and in behalf of all Owners as a class, as may be necessary or advisable, in the opinion of the Trustee, in order to have the respective claims of the Owners against the City allowed in any equity receivership, insolvency, liquidation, bankruptcy or other proceedings to which the City shall be a party. The Trustee shall have full powers of substitution and delegation in respect of any such powers.

(d) Notwithstanding anything in the Trust Agreement or in the Agreement to the contrary, there shall be no right under any circumstances to accelerate the maturities of the Obligations nor to declare any Payment not then past due or in default to be immediately due and payable.

Application of Funds. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Trust Agreement and subject to the Agreement shall be applied by the Trustee in the following order upon presentation of the Obligations, and the stamping thereon of the payment if only partially paid, or upon the surrender thereof if fully paid:

First, to the payment of the outstanding fees, costs and expenses of the Trustee, including reasonable compensation to its or their agents, attorneys and counsel;

Second, to the payment of any fees and costs of the Obligation Owners in declaring such Event of Default;
and

Third, to the payment of the whole amount then owing and unpaid with respect to the Obligations for principal and interest, with interest on the overdue principal and installments of interest (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Obligations, then to the payment of such principal and interest without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

Institution of Legal Proceedings. If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Obligations by a suit in equity or action at law for the specific performance of any covenant or agreement contained in the Trust Agreement.

Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Trust Agreement, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Obligations then Outstanding, it shall have full power, in the exercise of its discretion for the best interests of the Owners of the Obligations, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, the holders of at least a majority in aggregate principal amount of the Obligations then Outstanding shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement or for the appointment of a receiver or any other proceedings hereunder.

Limitation on Obligation Owners' Right to Sue.

(a) No Owner of any Obligation executed and delivered under the Trust Agreement shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Trust Agreement, unless (i) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default thereunder, (ii) the Owners of at least a majority in aggregate principal amount of all the Obligations then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, (iii) said Owners shall have tendered to the Trustee indemnity reasonably satisfactory against the costs, expenses, and liabilities to be incurred in compliance with such request and (iv) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

(b) Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Obligations of any remedy under the Trust Agreement; it being understood and intended that no one or more Owners of Obligations shall have any right in any manner whatever by his or their action to enforce any right under the Trust Agreement, except in the manner therein provided, and that all proceedings at law or in equity with respect to an Event of Default shall be instituted, had and maintained in the manner provided in the Trust Agreement and for the equal benefit of all Owners of the Outstanding Obligations.

(c) The right of any Owner of any Obligation to receive payment of said Owner's proportionate interest in the Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this section or any other provision of the Trust Agreement.

Defeasance.

(a) If and when all Outstanding Obligations have been paid and discharged in any one or more of the following ways:

(i) by paying or causing to be paid the principal of and interest with respect to all Obligations Outstanding, as and when the same become due and payable;

(ii) by depositing with a Depository Trustee, in trust for such purpose, at or before maturity, money which, together with the amounts then on deposit in the Payment Fund is fully sufficient to pay or cause to be paid all Obligations Outstanding, including all principal and interest and premium, if any; or

(iii) by depositing with a Depository Trustee, in trust for such purpose, any noncallable United States Obligations in such amount as shall be certified to the Trustee and the City by a national firm of certified public accountants acceptable to both the Trustee and the City, as being fully sufficient, together with the interest to accrue thereon and moneys then on deposit in the Payment Fund together with the interest to accrue thereon, to pay and discharge or cause to be paid and discharged all Obligations (including all principal and interest) at their respective maturity or prior redemption dates, which deposit may be made in accordance with the provisions of Section 10 of the Agreement.

(b) Notwithstanding that any Obligations shall not have been surrendered for payment, all obligations of the Trustee and the City with respect to all Outstanding Obligations shall cease and terminate, except only the obligation of the Trustee to pay or cause to be paid, from the Payments paid by or on behalf of the City from funds deposited pursuant to paragraphs (a)(i) or (ii) of this section and paid to the Trustee by the Depository Trustee, to the Owners of the Obligations not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to paragraphs (a)(i) or (ii), the Obligations shall continue to represent direct and proportionate interests of the Owners thereof in such Payments under the Agreement.

(c) Any funds held by the Trustee, at the time of one of the events described in paragraphs (a)(i) through (iii) of this section, which are not required for the payment to be made to Owners, shall be paid over to the City.

(d) Any Obligation or portion thereof in authorized denominations may be paid and discharged as provided in Section 13.1 of the Trust Agreement.

(e) After provision for the Obligations has been made under (a)(iii) above, at the direction of the City, all or any part of the United States Obligations held by the Depository Trustee may be liquidated and the proceeds therefrom together with all or any portion of the moneys held by the Depository Trustee may be used to acquire other United States Obligations which the Depository Trustee shall hold provided that thereafter the moneys and United States Obligations held by the Depository Trustee shall remain sufficient, as evidenced by a certificate of a national firm of certified public accountants to pay and discharge all Obligations (including all principal and interest) at their respective maturity dates or prior redemption dates.

(f) No Payment or Obligation may be so provided for and no liquidation or acquisition may be made if, as a result thereof, or of any other action in connection with which the provisions for payment of such Payment or Obligation is made, the interest payable on any Obligation is thereby made includable in gross income for federal income tax purposes. The Trustee, the Depository Trustee, and the City may rely upon an opinion of nationally recognized bond counsel (which opinion may be based upon a ruling or rulings of the Internal Revenue Service) to the effect that the provisions of this paragraph will not be breached by so providing for the payment of any Payments or Obligations.

(g) The Depository Trustee shall be any bank or trust company, which may be the Trustee, designated by the City, with a combined capital and surplus of at least \$50,000,000 and subject to supervision or examination by federal or State authority.

Conflict of Interest. A.R.S. § 38-511 provides that the City may, within three years after its execution, cancel any contract, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City is, at any time while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or a consultant to any other party of the contract with respect to the subject matter of the contract. In addition, the City may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City from any other party to the contract arising as a result of the contract.

Governing Law. The Trust Agreement shall be construed and governed in accordance with the laws of the State of Arizona.

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FORM OF APPROVING LEGAL OPINION

[LETTERHEAD OF GUST ROSENFELD, P.L.C.]

[Closing Date]

UMB Bank, n.a.
Phoenix, Arizona

Re: City of Kingman, Arizona
Excise Tax Revenue Obligations, Series 2026

We have acted as special counsel to the City of Kingman, Arizona (the “City”) in connection with the issuance of \$[] Excise Tax Revenue Obligations, Series 2026 (the “Obligations”), dated [Closing Date]. In such capacity, we have examined such law and such certified proceedings, certifications, and other documents as we have deemed necessary to give the opinions below.

The Obligations are issued pursuant to Resolution No. 5602 of the City adopted April 7, 2026 (the “Resolution”). Under the Resolution, the City has pledged its Excise Taxes (as defined in the Trust Agreement, dated as of June 1, 2026* (the “Trust Agreement”), by and between UMB Bank, n.a., as trustee (the “Trustee”), and the City) for the payment of principal of, premium (if any), and interest on the Obligations when due. Each of the Obligations is an undivided, participating, proportionate interest in certain payments to be made by the City pursuant to an Agreement, dated as of June 1, 2026* (the “Agreement”), by and between the Trustee and the City to finance certain projects for the City.

Regarding questions of fact material to the opinions below, we have relied on the representations of the City contained in the Resolution, and on the certified proceedings and other certifications of representatives of the City and certifications of others furnished to us without undertaking to verify them by independent investigation. We have also relied upon the opinion of the City Attorney delivered as of the date hereof as to the matters provided therein.

Based on the foregoing, we are of the opinion that, under the law existing on the date of this opinion:

1. The City is validly existing as a municipal corporation of the State of Arizona (the “State”) with the power to adopt the Resolution, perform the agreements on its part contained therein, and issue the Obligations.
2. The Obligations, the Trust Agreement, and the Agreement are legal, valid, binding, and enforceable in accordance with their respective terms, except to the extent that the enforceability thereof and the rights thereunder may be limited by the application of general principles of equity and, as to the Trust Agreement, except to the extent that the enforceability of the indemnification provisions thereof may be affected by applicable securities laws.
3. The obligations of the City pursuant to the Agreement concerning payment of principal and interest with respect to the Obligations are solely from the revenues and other moneys pledged and assigned pursuant to the Trust Agreement to secure such payments. Those revenues and other moneys include payments required to be made by the City pursuant to the Agreement, and the obligation of the City to make those payments is secured by a limited pledge of revenues from “Excise Taxes” as described in, and provided by, the Agreement. Such payments are not secured by an obligation or pledge of any moneys raised by taxation other than the specified taxes; the Obligations do not represent or constitute a debt or pledge of the general credit of the City and the Agreement, including the obligation of the City to make the payments required thereunder, does not represent or constitute a debt or pledge of the general credit of the City.

* Subject to change.

4. Based on the representations and covenants of the City and subject to the assumptions stated in this section, under existing statutes, regulations, rulings, and court decisions:

(a) The portion of each payment made by the City pursuant to the Agreement, denominated and comprising interest and received by the beneficial owners of the Obligations (the “*Interest Portion*”), is excludable from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “*Code*”). The Interest Portion is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, the Interest Portion may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. We express no opinion regarding other federal tax consequences resulting from the receipt or accrual of the Interest Portion on, or ownership or disposition of, the Obligations.

(b) The Code includes requirements that the City must continue to meet after the execution and delivery of the Obligations in order that the Interest Portion not be included in gross income for federal income tax purposes. The failure of the City to meet these requirements may cause the Interest Portion to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery of the Obligations. The City has covenanted in the Agreement to take the actions required by the Code to maintain the exclusion from gross income for federal income tax purposes of the Interest Portion. Subject to the same limitations in the second numbered section hereof as they would relate to such covenants, the City has full legal power and authority to comply with such covenants. In rendering the opinion expressed in this section, we have assumed continuing compliance with the tax covenants referred to hereinabove that must be met after the execution and delivery of the Obligations in order that the Interest Portion be, and continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. Failure to comply with certain of such requirements may cause the Interest Portion to be includable in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Obligations.

(c) Assuming the Interest Portion is so excludable for federal income tax purposes, the Interest Portion is exempt from income taxation under the laws of the State. We express no opinion regarding other State tax consequences resulting from the receipt or accrual of the Interest Portion on, or disposition or ownership of, the Obligations.

The rights of the owners of the Obligations and the enforceability of the Obligations and the Resolution are limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement dated [_____, 2026] relating to the Obligations, or regarding the attachment, perfection or priority of lien on the Excise Taxes or other funds created by the Trust Agreement. Further, we express no opinion herein regarding tax consequences arising with respect to the Obligations other than as expressly set forth herein.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$21,635,000*
CITY OF KINGMAN, ARIZONA
EXCISE TAX REVENUE OBLIGATIONS,
SERIES 2026
(CUSIP Base No. 495731)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “*Disclosure Certificate*”) is undertaken by the City of Kingman, Arizona (the “*City*”) in connection with the execution and delivery of \$21,635,000* in aggregate principal amount of Excise Tax Revenue Obligations, Series 2026 (the “*Obligations*”). The Obligations are being executed and delivered pursuant to a Trust Agreement, dated as of June 1, 2026* (the “*Trust Agreement*”), by and between the City and UMB Bank, n.a., as trustee (the “*Trustee*”). In consideration of the initial execution and delivery of the Obligations, the City covenants and agrees as follows:

Section 1. **Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the City for the benefit of the Beneficial Owners (as defined herein) and in order to assist the Participating Underwriter (as defined herein) in complying with the Rule (as defined herein).

Section 2. **Definitions.** Any capitalized term used herein shall have the following meanings, unless otherwise defined herein:

“*Agreement*” means the Agreement, dated as of June 1, 2026*, by and between the City and the Trustee.

“*Annual Report*” shall mean the annual report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“*Audited Financial Statements*” shall mean the City’s annual financial statements, which are currently prepared in accordance with generally accepted accounting principles (GAAP) for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and which the City intends to continue to prepare in substantially the same form.

“*Beneficial Owner*” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Obligations (including persons holding Obligations through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Obligations for federal income tax purposes.

“*Dissemination Agent*” shall mean the City, or any person designated in writing by the City as the Dissemination Agent.

“*EMMA*” shall mean the Electronic Municipal Market Access system of MSRB, or any successor thereto approved by the Securities and Exchange Commission, as a repository for municipal continuing disclosure information pursuant to the Rule.

“*Financial Obligation*” shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) a guarantee of (a) or (b), except that “*Financial Obligation*” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

* *Subject to change.*

“*Listed Events*” shall mean any of the events listed in Section 5 of this Disclosure Obligation.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

“*Official Statement*” shall mean the final official statement dated ____, 2026, relating to the Obligations.

“*Participating Underwriter*” shall mean any of the original underwriters of the Obligations required to comply with the Rule in connection with the offering of the Obligations.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“*Special Counsel*” shall mean Gust Rosenfeld P.L.C. or such other nationally recognized securities law counsel as may be selected by the City.

Section 3. Provision of Annual Reports.

(a) Commencing February 1, 2027, and by no later than February 1 of each year thereafter (the “*Filing Date*”), the City shall, either directly or by directing the Dissemination Agent to do so, provide an Annual Report to MSRB. The Annual Report shall be provided electronically and in a format prescribed by MSRB. The Annual Report shall be consistent with the requirements of Section 4 of this Disclosure Certificate and shall include information from the fiscal year ending on the preceding June 30. All documents provided to MSRB shall be accompanied by identifying information prescribed by MSRB. Currently, filings are required to be made with EMMA. Not later than 15 business days prior to such Filing Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City).

(b) If the City is unable or for any reason fails to provide electronically to EMMA an Annual Report or any part thereof by the Filing Date required in subsection (a) above, the City shall, in a timely manner, send a notice to EMMA in substantially the form attached as *Exhibit A* not later than the Filing Date.

(c) If the City’s Audited Financial Statements are not submitted with the Annual Report and the City fails to provide to EMMA a copy of its Audited Financial Statements within 30 days of receipt thereof by the City, then the City shall, in a timely manner, send a notice to EMMA in substantially the form attached as *Exhibit B*.

(d) The Dissemination Agent shall:

(i) Determine the proper electronic filing address of EMMA each year prior to the date(s) for providing the Annual Report and Audited Financial Statements; and

(ii) If the Dissemination Agent is other than the City, file a report or reports with the City certifying that the Annual Report and Audited Financial Statements, if applicable, have been provided pursuant to this Disclosure Certificate, stating the date such information was provided and listing where it was provided.

Section 4. Content of Annual Reports.

(a) The Annual Report may be submitted as a single document or as separate documents comprising an electronic package, and may incorporate by reference other information as provided in this Section, including the Audited Financial Statements of the City; provided, however, that if the Audited Financial Statements of the City are not available at the time of the filing of the Annual Report, the City shall file unaudited financial statements of the City with the Annual Report and, when the Audited Financial Statements of the City are available, the same shall be submitted to EMMA within 30 days of receipt thereof by the City.

(b) The City’s Annual Report shall contain or incorporate by reference the following:

(i) Type of Financial and Operating Data to be Provided:

(A) Subject to the provisions of Sections 3 and 4(a) hereof, Audited Financial Statements for the City.

(B) Annually updated financial information and operating data of the type contained in the Official Statement in TABLE 4 – HISTORICAL, BUDGETED AND PROJECTED EXCISE TAXES.

(C) In the event of an amendment pursuant to Section 8 of this Disclosure Certificate not previously described in an Annual Report, an explanation, in narrative form, of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided and, if the amendment is made to the accounting principles to be followed, a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles, including a qualitative discussion of the differences, and the impact on the presentation and, to the extent feasible, a quantitative comparison.

(ii) Accounting Principles Pursuant to Which Audited Financial Statements Shall Be Prepared: The Audited Financial Statements shall be prepared in accordance with generally accepted accounting principles and state law requirements as are in effect from time to time.

Notice of amendment to the accounting principles shall be sent within 30 days to EMMA.

(c) Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from EMMA. The City shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Listed Events.

(a) This Section shall govern the giving of notices by the City, either directly or by directing the Dissemination Agent to do so, of the occurrence of any of the following events with respect to the Obligations. The City shall in a timely manner, not in excess of 10 business days after the occurrence of the event, provide notice of the following events with EMMA:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service (the “IRS”) of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations;
- (vii) Modifications to rights of Beneficial Owners, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Obligations, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) The incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect Beneficial Owner, if material; and

- (xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

- (b) “Materiality” will be determined in accordance with the applicable federal securities laws.

Note to Section 5(a)(xii): For the purposes of the event identified in subsection (a)(xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate (a) if the City shall no longer have liability for any obligation on or relating to repayment of the Obligations under the Trust Agreement, or (b) upon the termination of the continuing disclosure requirements of the Rule by legislative, judicial or administrative action. If termination pursuant to (a) occurs prior to the final payment date of the Obligations, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(a).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 8. Amendment. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate if:

- (a) The amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in identity, nature or status of the City, or the type of business conducted;

- (b) This Disclosure Certificate, as amended, would, in the opinion of Special Counsel, have complied with the requirements of the Rule at the time of the primary offering of the Obligations, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) The amendment does not materially impair the interests of Beneficial Owner, as determined by Special Counsel.

Section 9 Filing with EMMA. The City shall, or shall cause the Dissemination Agent to, electronically file all items required to be filed with EMMA.

Section 10 Additional Information. The City may, at the City’s election, include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate. If the City chooses to include such information, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate any Beneficial Owner may seek specific performance by court order to cause the City to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance and such failure shall not constitute a default under the Obligations or the resolution authorizing the Obligations.

Section 12. Compliance by City. The City hereby covenants to comply with the terms of this Disclosure Certificate. The City expressly acknowledges and agrees that compliance with the undertaking contained in this

Disclosure Certificate is its sole responsibility and the responsibility of the Dissemination Agent, if any, and that such compliance, or monitoring thereof, is not the responsibility of, and no duty is present with respect thereto for, the Participating Underwriter or Special Counsel.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Beneficial Owner, and shall create no rights in any other person or entity.

Section 14. Governing Law and Interpretation of Terms. This Disclosure Certificate shall be governed by the law of the State of Arizona and any action to enforce this Disclosure Certificate must be brought in an Arizona state court. The terms and provisions of this Disclosure Certificate shall be interpreted in a manner consistent with the interpretation of such terms and provisions under the Rule and the federal securities law.

[Signature on following page]

Date: [Closing Date]

CITY OF KINGMAN, ARIZONA

By _____
Deputy City Manager/Finance Director

[Signature page to Continuing Disclosure Certificate]

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Kingman, Arizona
Name of Issue: \$____,000 Excise Tax Revenue Obligations, Series 2026
Dated Date of Obligations: [Closing Date] Base CUSIP: 495731

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Obligations as required by Section 3(a) of the Continuing Disclosure Certificate dated [Closing Date]. The City anticipates that the Annual Report for fiscal year ended June 30, ____ will be filed by _____.

Dated: _____

CITY OF KINGMAN, ARIZONA

By _____
Its _____

EXHIBIT B

NOTICE OF FAILURE TO FILE AUDITED FINANCIAL STATEMENTS

Name of Issuer: City of Kingman, Arizona
Name of Issue: \$____,000 Excise Tax Revenue Obligations, Series 2026
Dated Date of Obligations: [Closing Date] Base CUSIP: 495731

NOTICE IS HEREBY GIVEN that the City failed to provide its Audited Financial Statements with its Annual Report or, if not available, within 30 days of receipt as required by Section 4(a) of the Continuing Disclosure Certificate dated [Closing Date] with respect to the above-named Obligations. The City anticipates that the Audited Financial Statements for the fiscal year ended June 30, ____ will be filed by _____.

Dated: _____

CITY OF KINGMAN, ARIZONA

By _____
Its _____

[Exhibits to Continuing Disclosure Certificate]

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BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants” and together with the Direct Participants, the “Participants”). DTC has Standard & Poor’s rating of: “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner” or “Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee

holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal of and interest on the Obligations and the redemption price of any Bond will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar and Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Obligations and the redemption price of any Obligations will be made to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Bond Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the City or the Bond Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

