

CITY OF SHOW LOW, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2017
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF SHOW LOW, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
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Independent Accountants' Report on AELR

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

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

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

In our opinion, the annual expenditure limitation report referred to above is presented in accordance with the uniform expenditure reporting system as described in note 1 in all material respects.



HintonBurdick Arizona, PLLC
December 20, 2017

CITY OF SHOW LOW, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2017

1. Economic Estimates Commission expenditure limitation	N/A
2. Voter-approved alternative expenditure limitation (Approved March 11, 2013)	<u>\$ 52,362,213</u>
3. Enter applicable amount from line 1 or line 2	\$ 52,362,213
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>32,196,714</u>
5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u>\$ 20,165,499</u>

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

Signature of Chief Fiscal Officer: 

Name and Title: Justin Johnson, Administrative Services Director

Telephone Number: (928) 532-4024 Date: 12-28-17

See accompanying notes to report.

CITY OF SHOW LOW, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2017

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 23,477,377	\$ 7,425,073	\$ 1,294,264	\$ 32,196,714
B. Less exclusions claimed:				
1. Bond proceeds	-	-	-	-
Debt service requirements on bonded indebtedness	-	-	-	-
Proceeds from other long-term obligations	-	-	-	-
Debt service requirements on other long-term obligations	-	-	-	-
2. Dividends, interest and gains on the sale or redemption of investment securities	-	-	-	-
3. Trustee or custodian	-	-	-	-
4. Grants and aid from the Federal government	-	-	-	-
5. Grants, aid, contributions, or gifts from a private agency, organization, or individual except amounts received in lieu of taxes	-	-	-	-
6. Amounts received from the State of Arizona	-	-	-	-
7. Quasi-external interfund transactions	-	-	-	-
8. Amounts accumulated for the purchase of land, and the purchase or construction of buildings or improvements	-	-	-	-
9. Highway user revenues in excess of those received in fiscal year 1979-80	-	-	-	-
10. Contracts with other political subdivisions	-	-	-	-
11. Refunds, reimbursements, and other recoveries	-	-	-	-
12. Voter-approved exclusions not identified above (attach resolution)	-	-	-	-
13. Prior years carryforward	-	-	-	-
14. Total exclusions claimed	-	-	-	-
C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.)	\$ 23,477,377	\$ 7,425,073	\$ 1,294,264	\$ 32,196,714
	<u>\$ 23,477,377</u>	<u>\$ 7,425,073</u>	<u>\$ 1,294,264</u>	<u>\$ 32,196,714</u>

See accompanying notes to report.

CITY OF SHOW LOW, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2017

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures (and expenses) and applicable other financing uses reported within the fund based financial statements	<u>\$ 23,721,239</u>	<u>\$ 7,619,353</u>	<u>\$ 1,294,264</u>	<u>\$ 32,634,856</u>
B. Subtractions:				
1. Items not requiring use of working capital:				
Depreciation	-	2,361,205	-	2,361,205
Loss on disposal of capital assets	-	-	-	-
Bad debt expense	-	7,694	-	7,694
Other postemployment benefits expense	-	-	-	-
Pension expense	-	91,462	-	91,462
Claims incurred but not reported	-	-	-	-
Landfill closure and postclosure care costs	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-	-
3. Required fee paid to the Arizona Dept. of Revenue	-	-	-	-
4. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	243,862	-	-	243,862
5. Involuntary court judgments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6. Total subtractions	<u>\$ 243,862</u>	<u>\$ 2,460,361</u>	<u>\$ -</u>	<u>\$ 2,704,223</u>
C. Additions:				
1. Principal payments on long-term debt	-	721,507	-	721,507
2. Acquisition of capital assets	-	1,501,877	-	1,501,877
3. Amounts paid in the current year but reported as expenses in previous years:				
Other postemployment benefits	-	-	-	-
Pension contributions	-	42,697	-	42,697
Claims previously recognized as IBNR	-	-	-	-
Landfill closure and postclosure care costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4. Total additions	<u>-</u>	<u>2,266,081</u>	<u>-</u>	<u>2,266,081</u>
D. Amounts reported on Part II, Line A	<u>\$ 23,477,377</u>	<u>\$ 7,425,073</u>	<u>\$ 1,294,264</u>	<u>\$ 32,196,714</u>

See accompanying notes to report.

CITY OF SHOW LOW, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2017

Note 1. Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented on the basis of accounting prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, and in accordance with the voter-approved alternative expenditure limitation plan adopted March 11, 2013, as authorized by the Arizona Constitution, Article IX, §20 (9).

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

Note 2. Reconciliation

The subtractions for depreciation, bad debt expense, and pension expense and the additions for the principal payments on long-term debt, acquisition of capital assets, and pension contributions are all provided in the Statement of Cash Flows for the Proprietary Funds and the financial statement footnotes.

Note 3. Exclusions

Exclusions from local revenues, including those enumerated in the Constitution, may be taken against alternative expenditure limitations only if such exclusions are specifically identified in the resolution and the publicity pamphlet. The City's most current resolution does not specify any exclusions and therefore, no exclusions are reported within this document.