

CITY OF SHOW LOW, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2018
WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF SHOW LOW, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2018

Table of Contents

| | PAGE |
|--|------|
| Independent Accountants' Report..... | 1 |
| Annual Expenditure Limitation Report - Part I..... | 2 |
| Annual Expenditure Limitation Report - Part II..... | 3 |
| Annual Expenditure Limitation Report - Reconciliation..... | 4 |
| Notes to Annual Expenditure Limitation Report..... | 5 |



HINTONBURDICK
CPAs & ADVISORS

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, 2018 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
November 27, 2018

CITY OF SHOW LOW, ARIZONA
Annual Expenditure Limitation Report – Part I
Year Ended June 30, 2018

| | | |
|---|--------------|-----------------------------|
| 1. Economic Estimates Commission expenditure limitation | \$51,729,326 | |
| 2. Voter-approved alternative expenditure limitation | <u>\$ -</u> | |
| 3. Enter applicable amount from line 1 or line 2 | | \$51,729,326 |
| 4. Amount subject to the expenditure limitation (total amount from Part II, Line C) | | <u>29,569,774</u> |
| 5. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation) | | <u><u>\$ 22,159,552</u></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: _____

See accompanying notes to report.

CITY OF SHOW LOW, ARIZONA
Annual Expenditure Limitation Report – Part II
Year Ended June 30, 2018

| Description | Governmental Funds | Enterprise Funds | Internal Service Funds | Total |
|--|-----------------------|---------------------|---------------------------|----------------------|
| A. Amounts reported on the Reconciliation Line D | \$ 20,865,190 | \$ 7,484,192 | \$ 1,220,392 | \$ 29,569,774 |
| B. Less exclusions claimed: | - | - | - | - |
| C. Amount subject to the expenditure limitation (If an individual fund type amount is negative, reduce exclusions claimed to net to zero.) | \$ 20,865,190 | \$ 7,484,192 | \$ 1,220,392 | \$ 29,569,774 |
| | <u>\$ 20,865,190</u> | <u>\$ 7,484,192</u> | <u>\$ 1,220,392</u> | <u>\$ 29,569,774</u> |

See accompanying notes to report.

CITY OF SHOW LOW, ARIZONA
Annual Expenditure Limitation Report – Reconciliation
Year Ended June 30, 2018

| 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 | \$ 20,865,190 | \$ 7,825,434 | \$ 1,220,392 | \$ 29,911,016 |
| B. Subtractions: | | | | |
| 1. Items not requiring use of working capital: | | | | |
| Depreciation | - | 2,626,111 | - | 2,626,111 |
| Loss on disposal of capital assets | - | - | - | - |
| Bad debt expense | - | 31,367 | - | 31,367 |
| Pension/OPEB expense | - | 135,601 | - | 135,601 |
| 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 | - | - | - | - |
| 5. Involuntary court judgments | - | - | - | - |
| 6. Total subtractions | \$ - | \$ 2,793,079 | \$ - | \$ 2,793,079 |
| C. Additions: | | | | |
| 1. Principal payments on long-term debt | - | 255,362 | - | 255,362 |
| 2. Acquisition of capital assets | - | 2,078,283 | - | 2,078,283 |
| 3. Amounts paid in the current year but reported as expenses in previous years: | | | | |
| Pension/OPEB contributions | - | 118,192 | - | 118,192 |
| Claims previously recognized as IBNR | - | - | - | - |
| Landfill closure and postclosure care costs | - | - | - | - |
| 4. Total additions | - | 2,451,837 | - | 2,451,837 |
| D. Amounts reported on Part II, Line A | \$ 20,865,190 | \$ 7,484,192 | \$ 1,220,392 | \$ 29,569,774 |

See accompanying notes to report.

CITY OF SHOW LOW, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2018

Note 1. Summary of Significant Accounting Policies

The Annual Expenditure Limitation Report (AELR) is presented as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes §41-1279.07, which excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures, expenses, or deductions reported in the fund financial statements and in accordance with the voter-approved permanent base adjustment of \$4,500,000 adopted September 6, 2016, as authorized by the Arizona Constitution, Article IX, §20 (6).

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

The subtraction of \$135,601 for pension/OPEB expense consists of the change in the net pension/OPEB liability recognized in the current year in the enterprise funds. The addition of \$118,192 for pension/OPEB contributions paid in the current year consists of the required pension/OPEB contributions made to the Arizona State Retirement System from the enterprise funds.

Note 3. Exclusions

The City has not claimed any exclusions in part II of the report. The City's expenditures subject to the expenditure limitation are significantly under the limit before any exclusions.