

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report**  
**June 30, 2017**

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## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of the City of Holbrook, Arizona, for the year ended June 30, 2017 and the related notes to the report. The Town'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.

We conducted our examination 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 the assessment of the risk 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.

December 19, 2017

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report - Part I**  
**Year Ended June 30, 2017**

1. Voter-approved alternative expenditure limitation (Approved March 10, 2015)	<u>\$ 10,315,443</u>
2. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>7,743,241</u>
3. Amount under (in excess of) the expenditure limitation	<u>\$ 2,572,202</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: Randall L Sullivan JR

Name and Title: RANDALL L SULLIVAN JR FINANCE DIRECTOR

Telephone No.: 928-524-6225 Date: 12/19/2017

*See accompanying notes.*

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report - Part II**  
**Year Ended June 30, 2017**

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 5,591,205	\$ 2,152,036	\$ 7,743,241
B. Less exclusions claimed: (Note 1)	-	-	-
C. Amount subject to expenditure limitation	<u>\$ 5,591,205</u>	<u>\$ 2,152,036</u>	<u>\$ 7,743,241</u>

*See accompanying notes.*

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report - Reconciliation**  
**Year Ended June 30, 2017**

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	<u>5,591,205</u>	<u>2,426,392</u>	<u>\$ 8,017,597</u>
B. Subtractions:			
Items not requiring the use of current financial resources:			
Depreciation	-	642,601	642,601
Pension expense	-	68,961	68,961
Total subtractions	<u>-</u>	<u>711,562</u>	<u>711,562</u>
C. Additions:			
Principal payments on long-term debt	-	355,000	355,000
Acquisition of capital assets	-	28,449	28,449
Pension contributions paid in the current year	-	53,757	53,757
Total additions	<u>-</u>	<u>437,206</u>	<u>437,206</u>
D. Amounts reported on Part II, Line A	<u>\$ 5,591,205</u>	<u>\$ 2,152,036</u>	<u>\$ 7,743,241</u>

*See accompanying notes.*

**CITY OF HOLBROOK, 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 as prescribed by the *Uniform Expenditure Reporting System* (UERS), as required by Arizona Revised Statutes Section 41-1279.07, and in accordance with the voter-approved alternative expenditure limitation adopted March 10, 2015, as authorized by the Arizona Constitution, Article IX §20(9).

In accordance with the UERS, a note to the AELR is presented for any exclusion claimed on Part II and each subtraction or addition in the Reconciliation that cannot be traced directly to an amount reported in the fund 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 Fund Net Position for the Proprietary Funds; Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

***NOTE 2 – PENSION EXPENSE AND CONTRIBUTIONS***

The subtraction of \$68,961 for pension expense consists of the change in net pension liability recognized in the current year in the Enterprise Funds. The addition of \$53,757 for pension contributions paid in the current year consists of the required pension contributions made to the Arizona State Retirement System from the Enterprise Funds.

