

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report**  
**June 30, 2015**

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**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report - Part I**  
**Year Ended June 30, 2015**

1. Economic Estimates Commission expenditure limitation	\$ 6,772,699	
2. Voter-approved alternative expenditure limitation	-	
3. Enter applicable amount from Line 1 or Line 2		<u>\$ 6,772,699</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	<u>\$ 7,251,291</u>	
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Art. IX, Sec. 20[2][a], Arizona Constitution)	- -	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor (Art. IX, Sec. 20[2][b], Arizona Constitution)	- -	
7. Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Art. IX, Sec. 20[2][c], Arizona Constitution)	- (500,000)	
8. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07(I)	- -	
9. Subtotal	<u>\$ 6,751,291</u>	
10. Board-authorized excess expenditures for the previous fiscal year not declared by the Governor and not approved by the voters (Article IX, Sec. 20[2][b], Arizona Constitution)	+ -	
11. Total adjusted amount subject to the expenditure limitation		<u>\$ 6,751,291</u>
12. Amount under (in excess of) the expenditure limitation		<u>\$ 21,408</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: 7/6/16



COLBY &  
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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 City of Holbrook, Arizona for the year ended June 30, 2015. This report is the responsibility of the management. 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 and, accordingly, included examining, on a test basis, evidence supporting the amounts and disclosures in the report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of City of Holbrook, Arizona referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in **Note 1**.

A handwritten signature in cursive script that reads 'Colby &amp; Powell'.

June 21, 2016

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report - Part II**  
**Year Ended June 30, 2015**

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 5,882,724	\$ 2,415,607	\$ 8,298,331
B. Less exclusions claimed:			
Debt service requirements on other long-term obligations	-	404,509	404,509
Dividends, interest and gains on the sale or redemption of investment securities	6,869	-	6,869
Grants and aid from the federal government	196,536	-	196,536
Amounts received from the state	358	-	358
Highway user revenue in excess of those received in fiscal year 1979-1980	416,528	-	416,528
Refunds, reimbursements and other recoveries	22,240	-	22,240
Total exclusions claimed	<u>642,531</u>	<u>404,509</u>	<u>1,047,040</u>
C. Amount subject to expenditure limitation	<u>\$ 5,240,193</u>	<u>\$ 2,011,098</u>	<u>\$ 7,251,291</u>

*See accompanying notes.*

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report - Reconciliation**  
**Year Ended June 30, 2015**

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	5,882,724	2,782,527	\$ 8,665,251
B. Subtractions:			
Items not requiring the use of working capital:			
Depreciation	-	695,348	695,348
Pension expense	-	86,116	86,116
Total subtractions	-	781,464	781,464
C. Additions:			
Principal payments on long-term debt	-	342,000	342,000
Acquisition of capital assets	-	16,921	16,921
Pension contributions paid in the current year	-	55,623	55,623
Total additions	-	414,544	414,544
D. Amounts reported on Part II, Line A	<u>\$ 5,882,724</u>	<u>\$ 2,415,607</u>	<u>\$ 8,298,331</u>

*See accompanying notes.*

**CITY OF HOLBROOK, ARIZONA**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2015**

***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 Section 41-1279.07, which excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, Section 20 from the total expenditures, expenses, or deductions reported in the fund financial statements.

In accordance with the UERS requirements, a note to the AELR is presented below 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 Revenue, Expenditures, and Changes in Fund Balances for the Governmental Funds; Statement of Revenues, Expenses, and Changes in Fund Net Position for the Proprietary Funds; and the Statement of Cash Flows for the Proprietary Funds.

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

The subtraction of \$86,116 for pension expense consists of the change in net pension liability recognized in the current year in the Enterprise Funds. The addition of \$55,623 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.

***NOTE 3 – DEBT SERVICE ON OTHER LONG-TERM OBLIGATIONS***

The exclusion claimed for debt service requirements on other long-term obligations of \$404,509 is for the following:

	Utility Fund
Bond principal	\$ 342,000
Bond interest	62,509
	\$ 404,509

**CITY OF HOLBROOK, ARIZONA**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2015**

***NOTE 4 – DIVIDENDS, INTEREST AND GAINS ON THE SALE OR REDEMPTION OF INVESTMENT SECURITIES***

The exclusions claimed for dividends, interest, and gains on the sale or redemption of investment securities is as follows:

Description	Prior Year Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
General Fund	\$ -	\$ 6,869	\$ 6,869	\$ -
Total investment income excludable in future years	\$ -	\$ 6,869	\$ 6,869	\$ -

***NOTE 5 – EXCLUDED INTERGOVERNMENTAL REVENUE***

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, other political subdivisions, and highway user revenues.

Description	Prior Year Carried Forward	Revenues	Amount Excluded	Amount Carried Forward
Grants and aid from the federal government				
Federal Aviation Administration	\$ -	\$ 9,679	\$ 9,679	\$ -
Safe Routes to School	-	16,094	16,094	-
Community Development Block Grant	-	170,763	170,763	-
Total amounts received from the federal govt	-	196,536	196,536	-
Amounts received from the State of Arizona				
AZ Department of Transportation	\$ -	\$ 358	\$ 358	\$ -
Total amounts received from the State	-	358	358	-
Highway user revenues in excess of those received in fiscal year 1979-80	-	416,528	416,528	-
Total intergovernmental revenues excluded	\$ -	\$ 613,422	\$ 613,422	\$ -

**CITY OF HOLBROOK, ARIZONA**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2015**

***NOTE 5 – EXCLUDED INTERGOVERNMENTAL REVENUE – Continued***

The following schedule presents the location of the intergovernmental revenues on the fund financial statements:

<b>Description</b>	
Grants and aid from federal government	\$ 196,536
Amounts received from the State of Arizona	358
Highway user revenues in excess of those received in fiscal year 1979-80	416,528
Other revenues (nonexcludable)	1,639,840
Total intergovernmental revenues as reported in the fund financial statements	<u>\$ 2,253,262</u>

Highway User Revenue Exclusion:

Highway user revenues received in the current fiscal year	\$ 632,238
Highway user revenues received in the current fiscal year equal to fiscal year 1979-80 revenues received	<u>(215,710)</u>
Revenues available for exclusion in the current fiscal year	<u>\$ 416,528</u>
Actual expenditures of highway user revenues in the current fiscal year	\$ 1,211,424
Amount equal to 1979-80 revenues expended in the current fiscal year	<u>(215,710)</u>
Excludable revenues expended in the current fiscal year	<u>\$ 995,714</u>
Revenues available for exclusion in the current fiscal year	\$ 416,528
Revenues expended and claimed as an exclusion in the current fiscal year	<u>416,528</u>
Unspent excludable revenue available for carryforward in future years	<u>\$ -</u>

***NOTE 5 – EXCLUDED OTHER REVENUE***

The exclusion claimed for refunds, reimbursements and other recoveries totaled \$22,240 consisted of employee reimbursements classified as other revenue in the fund financial statements.

