

CITY OF HOLBROOK, ARIZONA
Annual Expenditure Limitation Report
June 30, 2014

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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, 2014. 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**.

October 20, 2014

CITY OF HOLBROOK, ARIZONA
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2014

1. Economic Estimates Commission expenditure limitation	\$ 6,817,016	
2. Voter-approved alternative expenditure limitation	<u> -</u>	
3. Enter applicable amount from Line 1 or Line 2		\$ 6,817,016
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	6,512,250	
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)	<u> -</u>	
8. Subtotal	6,512,250	
9. 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)	<u> -</u>	
10. Total adjusted amount subject to the expenditure limitation		<u> 6,512,250</u>
11. Amount under (in excess of) the expenditure limitation (if excess expenditures are reported, provide an explanation)		<u> \$ 304,766</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: _____

Telephone No.: _____ Date: _____

See accompanying notes.

CITY OF HOLBROOK, ARIZONA
Annual Expenditure Limitation Report - Part II
Year Ended June 30, 2014

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 4,931,706	\$ 2,502,379	\$ 7,434,085
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	-	430,322	430,322
2. Dividends, interest and gains on the sale or redemption of investment securities	11,831	-	11,831
3. Trustee or custodian	-	-	-
4. Grants and aid from the federal government	66,354	-	66,354
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	44,000	-	44,000
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 revenue in excess of those received in fiscal year 1979-1980	369,328	-	369,328
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	<u>491,513</u>	<u>430,322</u>	<u>921,835</u>
C. Amount subject to expenditure limitation	<u>\$ 4,440,193</u>	<u>\$ 2,072,057</u>	<u>\$ 6,512,250</u>

See accompanying notes.

CITY OF HOLBROOK, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2014

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	4,931,706	2,807,717	\$ 7,739,423
B. Deductions:			
1. Items not requiring the use of working capital:			
Depreciation and amortization	-	699,608	699,608
Loss on disposal of capital assets	-	-	-
Bad debt expense	-	-	-
Landfill closure costs	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes	-	-	-
3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-
4. Charges to other funds in excess of Internal Service Fund expenses	-	-	-
5. Involuntary court judgments	-	-	-
6. Total Deductions	-	699,608	699,608
C. Additions:			
1. Principal payments on long-term debt	-	362,000	362,000
2. Acquisition of capital assets	-	32,270	32,270
3. Internal Service Fund expenses not charged to other funds	-	-	-
4. Landfill closure and postclosure care costs recorded as expended in previous years	-	-	-
5. Total Additions	-	394,270	394,270
D. Amounts reported on Part II, Line A	\$ 4,931,706	\$ 2,502,379	\$ 7,434,085

See accompanying notes.

CITY OF HOLBROOK, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

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-based 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-based 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 – DEBT SERVICE ON OTHER LONG-TERM OBLIGATIONS

The exclusion claimed for debt service requirements on other long-term obligations of \$430,322 is for the following:

	Utility Fund
Bond principal	\$ 362,000
Bond interest	68,322
	\$ 430,322

CITY OF HOLBROOK, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

NOTE 3 – 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	\$ -	\$ 11,831	\$ 11,831	\$ -
Total investment income excludable in future years	<u>\$ -</u>	<u>\$ 11,831</u>	<u>\$ 11,831</u>	<u>\$ -</u>

NOTE 4 – 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	\$ -	\$ 24,121	\$ 24,121	\$ -
Safe Routes to School	-	29,733	29,733	-
Community Development Block Grant	-	12,500	12,500	-
Total amounts received from the federal govt	-	66,354	66,354	-
Amounts received from the State of Arizona				
AZ State Library, Archives, and Public Records	\$ -	\$ 44,000	\$ 44,000	\$ -
Total amounts received from the State	-	44,000	44,000	-
Highway user revenues in excess of those received in fiscal year 1979-80	-	369,328	369,328	-
Total intergovernmental revenues excluded	<u>\$ -</u>	<u>\$ 479,682</u>	<u>\$ 479,682</u>	<u>\$ -</u>

CITY OF HOLBROOK, ARIZONA
Notes to Annual Expenditure Limitation Report
Year Ended June 30, 2014

NOTE 4 – EXCLUDED INTERGOVERNMENTAL REVENUE – Continued

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

Description	
Grants and aid from federal government	\$ 66,354
Amounts received from the State of Arizona	44,000
Highway user revenues in excess of those received in fiscal year 1979-80	369,328
Other revenues (nonexcludable)	1,556,385
Total intergovernmental revenues as reported in the fund financial statements	<u><u>\$ 2,036,067</u></u>

Highway User Revenue Exclusion:

Highway user revenues received in the current fiscal year	\$ 585,038
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><u>\$ 369,328</u></u>
Actual expenditures of highway user revenues in the current fiscal year	\$ 585,038
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><u>\$ 369,328</u></u>
Revenues available for exclusion in the current fiscal year	\$ 369,328
Revenues expended and claimed as an exclusion in the current fiscal year	<u>(369,328)</u>
Unspent excludable revenue available for carryforward in future years	<u><u>\$ -</u></u>