

**CITY OF HOLBROOK, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**JUNE 30, 2010**  
**WITH REPORT OF**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report**  
**June 30, 2010**

**Table of Contents**

	PAGE
Independent Auditors' 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



**Independent Auditors' Report on AELR**

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

We have audited the accompanying Annual Expenditure Limitation Report of the City of Holbrook, Arizona, for the year ended June 30, 2010. This report is the responsibility of the City of Holbrook, Arizona's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual expenditure limitation report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Annual Expenditure Limitation Report of the City of Holbrook, Arizona, for the year ended June 30, 2010 referred to above presents fairly, in all material respects, the information required by the uniform expenditure reporting system on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the City and filing with the Auditor General of the State of Arizona and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Michael K. Spilker, CPA  
 December 23, 2010

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report – Part I**  
**Year Ended June 30, 2010**

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1. Economic Estimates Commission expenditure limitation	N/A
2. Voter-approved alternative expenditure limitation	\$ 15,904,947
3. Enter applicable amount from line 1 or line 2	15,904,947
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	8,116,234
5. Board-authorized expenditures necessitated by a disaster declared by the Governor and not approved by the voters (Article IX, Sec. 20[2][b], Arizona Constitution)	N/A
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor and approved by the voters (Article IX, Sec. 20[2][b], Arizona Constitution)	N/A
7. Prior-year voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Article IX, Sec. 20[2][c], Arizona Constitution)	<u>N/A</u>
8. Subtotal	8,116,234
9. Board-authorized excess expenditures for the previous fiscal year not approved by the voters (Article IX, Sec. 20[2][b], Arizona Constitution)	<u>N/A</u>
10. Total adjusted amount subject to the expenditure limitation	<u>8,116,234</u>
11. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation)	<u><u>\$ 7,788,713</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: Randy Sullivan, Finance Director

Telephone Number: (928) 524-6255 Date: \_\_\_\_\_

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report – Part II**  
**Year Ended June 30, 2010**

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation Line D	\$ 5,957,031	\$ 2,159,203	\$ 8,116,234
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	-	-	-
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.)	<u>\$ 5,957,031</u>	<u>\$ 2,159,203</u>	<u>\$ 8,116,234</u>
	<u>\$ 5,957,031</u>	<u>\$ 2,159,203</u>	<u>\$ 8,116,234</u>

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report - Reconciliation**  
**Year Ended June 30, 2010**

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures (and expenses) and applicable other financing uses reported within the financial statements	\$ 5,957,031	\$ 2,380,978	\$ 8,338,009
B. Deductions:			
1. Items not requiring use of working capital:			
Depreciation	-	698,506	698,506
Loss on disposal of fixed assets	-	-	-
Bad debt expense	-	-	-
Landfill closure and postclosure care 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	-	698,506	698,506
C. Additions:			
1. Principal payments on long-term debt	-	359,314	359,314
2. Acquisition of capital assets	-	117,417	117,417
3. Internal Service Fund expenses not charged to other funds	-	-	-
4. Landfill closure and postclosure care costs recorded and expended in previous years	-	-	-
5. Total additions	-	476,731	476,731
D. Amounts reported on Part II, Line A	\$ 5,957,031	\$ 2,159,203	\$ 8,116,234

**CITY OF HOLBROOK, ARIZONA**  
**Notes to the Annual Expenditure Limitation Report**  
**June 30, 2010**

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**Note 1. Summary of Significant Accounting Policies**

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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 adopted December 18, 2008, 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 fund-based 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 Assets for the Proprietary Funds, Statement of Cash Flows for the Proprietary Funds, and the Statement of Changes in Fiduciary Net Assets.

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**Note 2. Reconciliation Deductions and Additions**

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Details for the deductions for depreciation and the additions for principal payments and the acquisition of capital assets are all provided in the Statement of Cash Flows for the Proprietary Funds and the financial statement footnote for long-term debt.