CITY OF HOLBROOK, ARIZONA

Annual Expenditure Limitation Report

June 30, 2012

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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona and
the Honorable Mayor and City Council of the
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, 2012. This report is the responsibility of the City'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 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 U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of the City of Holbrook, Arizona, for the year ended June 30, 2012, 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 management, and for 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.

Colby & Powell

January 31, 2013

CITY OF HOLBROOK, ARIZONA
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2012

1.	Economic Estimates Commission expenditure limitation	$ -	
2.	Voter-approved alternative expenditure limitation (December 18, 2008)	9,637,446	
3.	Enter applicable amount from Line 1 or Line 2		$ 9,637,446
4.	Amount subject to the expenditure limitation (total amount from Part II, Line C)	7,486,822	
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)	-	
8.	Subtotal	7,486,822	
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)	-	
10.	Total adjusted amount subject to the expenditure limitation		7,486,822
11.	Amount under (in excess of) the expenditure limitation (if excess expenditures are reported, provide an explanation)		$ 2,150,624

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, 2012

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the Reconciliation, Line D	$ 5,251,217	$ 2,235,605	$ 7,486,822
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 revenue in excess of those received in fiscal year 1979-1980	-	-	-
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 expenditure limitation	$ 5,251,217	$ 2,235,605	$ 7,486,822

See accompanying notes.

CITY OF HOLBROOK, ARIZONA
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2012

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	$ 5,251,217	$ 2,527,268	$ 7,778,485
B. Deductions:			
1. Items not requiring the use of working capital:			
Depreciation and amortization	-	727,766	727,766
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	-	727,766	727,766
C. Additions:			
1. Principal payments on long-term debt	-	415,405	415,405
2. Acquisition of capital assets	-	20,698	20,698
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	-	436,103	436,103
D. Amounts reported on Part II, Line A	$ 5,251,217	$ 2,235,605	$ 7,486,822

See accompanying notes.

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**, and in accordance with the voter approved alternative expenditure limitation adopted December 18, 2008, as authorized by the **Arizona Constitution, Article IX, Section 20(9)**.

In accordance with the UERS requirements, 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 Assets for the Proprietary Funds; and the Statement of Cash Flows for the Proprietary Funds.