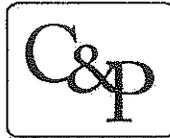


**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report**

**June 30, 2013**

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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, 2013. 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**.

November 13, 2013

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report - Part I**  
**Year Ended June 30, 2013**

|  |    |                   |
|--|----|-------------------|
| 1. Economic Estimates Commission expenditure limitation  | \$ | -                 |
| 2. Voter-approved alternative expenditure limitation<br>(December 18, 2008)  |    | <u>10,163,631</u> |
| 3. Enter applicable amount from Line 1 or Line 2   |    | \$ 10,163,631     |
| 4. Amount subject to the expenditure limitation (total<br>amount from Part II, Line C)   |    | 9,446,498         |
| 5. Board-authorized expenditures necessitated by a<br>disaster declared by the Governor<br>(Art. IX, Sec. 20[2][a], Arizona Constitution)  |    | -                 |
| 6. Board-authorized expenditures necessitated by a<br>disaster not declared by the Governor<br>(Art. IX, Sec. 20[2][b], Arizona Constitution)  |    | -                 |
| 7. Prior-year voter-approved expenditures to exceed<br>the expenditure limitation for the reporting fiscal year<br>(Art. IX, Sec. 20[2][c], Arizona Constitution)                        |    | <u>-</u>          |
| 8. Subtotal  |    | 9,446,498         |
| 9. Board-authorized excess expenditures for the previous<br>fiscal year not declared by the Governor and not approved<br>by the voters (Article IX, Sec. 20[2][b], Arizona Constitution) |    | <u>-</u>          |
| 10. Total adjusted amount subject to the expenditure limitation  |    | <u>9,446,498</u>  |
| 11. Amount under (in excess of) the expenditure limitation<br>(if excess expenditures are reported, provide an explanation)  |    | <u>\$ 717,133</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 Bullinan JR

Name and Title: FINANCE DIRECTOR

Telephone No.: 928-524-6225 Date: 12/5/13

*See accompanying notes.*

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report - Part II**  
**Year Ended June 30, 2013**

| Description  | Governmental<br>Funds | Enterprise<br>Funds | Total               |
|--|-----------------------|---------------------|---------------------|
| A. Amounts reported on the Reconciliation, Line D  | \$ 6,231,555          | \$ 3,214,943        | \$ 9,446,498        |
| B. Less exclusions claimed:  |                       |                     |                     |
| 1. Bond proceeds   | -                     | -                   | -                   |
| Debt service requirements on bonded<br>indebtedness  | -                     | -                   | -                   |
| Proceeds from other long-term obligations  | -                     | -                   | -                   |
| Debt service requirements on other long-<br>term obligations   | -                     | -                   | -                   |
| 2. Dividends, interest and gains on the sale or<br>redemption of investment securities   | -                     | -                   | -                   |
| 3. Trustee or custodian  | -                     | -                   | -                   |
| 4. Grants and aid from the federal government  | -                     | -                   | -                   |
| 5. Grants, aid, contributions or gifts from a<br>private agency, organization, or individual<br>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<br>land, and the purchase or construction of<br>buildings or improvements                     | -                     | -                   | -                   |
| 9. Highway user revenue in excess of those<br>received in fiscal year 1979-1980  | -                     | -                   | -                   |
| 10. Contracts with other political subdivisions  | -                     | -                   | -                   |
| 11. Refunds, reimbursements and other recoveries   | -                     | -                   | -                   |
| 12. Voter-approved exclusions not identified<br>above (attach resolution)  | -                     | -                   | -                   |
| 13. Prior years carryforward   | -                     | -                   | -                   |
| 14. Total exclusions claimed   | -                     | -                   | -                   |
| C. Amount subject to expenditure limitation  | <u>\$ 6,231,555</u>   | <u>\$ 3,214,943</u> | <u>\$ 9,446,498</u> |

*See accompanying notes.*

**CITY OF HOLBROOK, ARIZONA**  
**Annual Expenditure Limitation Report - Reconciliation**  
**Year Ended June 30, 2013**

| Description   | Governmental<br>Funds | Enterprise<br>Funds | Total               |
|---|-----------------------|---------------------|---------------------|
| A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements | 6,231,555             | 2,852,436           | \$ 9,083,991        |
| B. Deductions:  |                       |                     |                     |
| 1. Items not requiring the use of working capital:  |                       |                     |                     |
| Depreciation and amortization   | -                     | 728,608             | 728,608             |
| 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   | <u>-</u>              | <u>728,608</u>      | <u>728,608</u>      |
| C. Additions:   |                       |                     |                     |
| 1. Principal payments on long-term debt   | -                     | 782,297             | 782,297             |
| 2. Acquisition of capital assets  | -                     | 308,818             | 308,818             |
| 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  | <u>-</u>              | <u>1,091,115</u>    | <u>1,091,115</u>    |
| D. Amounts reported on Part II, Line A  | <u>\$ 6,231,555</u>   | <u>\$ 3,214,943</u> | <u>\$ 9,446,498</u> |

*See accompanying notes.*

**CITY OF HOLBROOK, ARIZONA**  
**Notes to Annual Expenditure Limitation Report**  
**Year Ended June 30, 2013**

***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 Position for the Proprietary Funds; and the Statement of Cash Flows for the Proprietary Funds.