

**CITY OF COTTONWOOD, ARIZONA
REPORT ON EXAMINATION OF
ANNUAL EXPENDITURE
LIMITATION REPORT
YEAR ENDED JUNE 30, 2013**

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INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona

The Honorable Mayor and City Council
of the City of Cottonwood, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Cottonwood, Arizona for the year ended June 30, 2013. This report is the responsibility of the City of Cottonwood, Arizona's 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 the City of Cottonwood, Arizona referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

December 12, 2013

CITY OF COTTONWOOD, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2013

1. Economic Estimates Commission expenditure limitation	<u>\$ 8,297,944</u>
2. Voter approved alternative expenditure limitation (Approved May 19, 2009)	<u>63,338,710</u>
3. Enter applicable amount from Line 1 or Line 2	<u>\$ 63,338,710</u>
4. Amount subject to the expenditure limitation (total amount from Part II, line C)	<u>32,459,214</u>
5. Amount under (in excess of) the expenditure limitation	<u>\$ 30,879,496</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: Jesus R. Rodriquez, Administrative Services General Manager

Telephone No: 928-634-0060 Date: December 12, 2013

See accompanying note to report.

CITY OF COTTONWOOD, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2013

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 22,352,785	\$ 10,043,256	\$ 12,854	\$ 50,319	\$ 32,459,214
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 of Arizona					
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					
13 Prior years carryforward	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
14 Total exclusions claimed	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
C. Amounts subject to expenditure limitation	\$ <u>22,352,785</u>	\$ <u>10,043,256</u>	\$ <u>12,854</u>	\$ <u>50,319</u>	\$ <u>32,459,214</u>

See accompanying note to report.

CITY OF COTTONWOOD, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2013

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses, special items, and extraordinary items reported within the fund financial statements	\$ 22,352,785	\$ 9,148,880	\$ 12,854	\$ 50,319	\$ 31,564,838
B. Subtractions:					
1. Items not requiring the use of working capital -					
Depreciation		1,827,991			1,827,991
Loss on disposal of capital assets					
Bad debt expense					
Other postemployment benefits expense					
Claims incurred but not reported					
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. Involuntary court judgments					
5. Total subtractions		<u>1,827,991</u>			<u>1,827,991</u>
C. Additions:					
1. Principal payments on long-term debt		965,000			965,000
2. Acquisition of capital assets		1,757,367			1,757,367
3. Other postemployment benefits paid in the current year but reported as expenses in previous years					
4. Claims paid in the current year but reported as expenses incurred but not reported in previous years					
5. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years					
6. Total additions		<u>2,722,367</u>			<u>2,722,367</u>
D. Amounts reported on Part II, Line A	\$ <u>22,352,785</u>	\$ <u>10,043,256</u>	\$ <u>12,854</u>	\$ <u>50,319</u>	\$ <u>32,459,214</u>

See accompanying note to report.

CITY OF COTTONWOOD, ARIZONA
NOTE 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 as 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 May 19, 2009 as authorized by the Arizona Constitution, Article IX, §20(9).