



HENRY & HORNE, LLP
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

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

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

Henry & Horne LLP

Casa Grande, Arizona
December 9, 2013

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CITY OF PRESCOTT
Annual Expenditure Limitation Report - Part I
Year Ended June 30, 2013

1. Economic Estimates Commission expenditure limitation	\$	<u>50,944,330</u>	
2. Voter approved alternative expenditure limitation (Approved November 3, 2009)		<u>160,059,296</u>	
3. Enter applicable amount from Line 1 or line 2			\$ <u>160,059,296</u>
4. Amount subject to the expenditure limitation (total amount from Part II, Line C)	\$	<u>123,391,404</u>	
5. Board-authorized expenditures necessitated by a disaster declared by the Governor (Arizona Constitution, Article IX, §20(2)(a)]	-	<u>-</u>	
6. Board-authorized expenditures necessitated by a disaster not declared by the Governor and approved by the voters (Arizona Constitution, Article IX, §20(2)(b)]	-	<u>-</u>	
7. Prior-year ,voter-approved expenditures to exceed the expenditure limitation for the reporting fiscal year (Arizona Constitution, Article IX, §20(2)(c)]	-	<u>-</u>	
8. Qualifying capital improvement expenditures repaid in accordance with A.R.S. §41-1279.07(l)	-	<u>-</u>	
9. Subtotal	\$	<u>123,391,404</u>	
10. Board-authorized excess expenditures for the previous fiscal year necessitated by a disaster not declared by the Governor and not approved by the voters [Arizona Constitution Article IX §20(2)(h)]	+	<u>-</u>	
11. Total adjusted amount subject to the expenditure limitation			\$ <u>123,391,404</u>
12. Amount under (in excess of) the expenditure limitation (If excess expenditures are reported, provide an explanation.)			\$ <u><u>36,667,892</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 : Mark Woodfill, Finance Director

Telephone Number : (928) 777-1222

Date : November 18, 2013

CITY OF PRESCOTT
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	\$ 51,690,216	\$ 64,767,369	\$ 6,933,819	\$ -	\$ 123,391,404
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 (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.)	\$ 51,690,216	\$ 64,767,369	\$ 6,933,819	\$ -	\$ 123,391,404

See accompanying notes to report

See accompanying notes to the report.

CITY OF PRESCOTT
Annual Expenditure Limitation Report - Reconciliation
Year Ended June 30, 2013

	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	\$ 52,212,271	\$ 32,691,790	\$ 7,026,221	\$ -	\$ 91,930,282
B. Subtractions:					
1. Items not requiring use of working capital:					
Depreciation	-	6,911,840	718,139	-	7,629,979
Loss on disposal of capital assets	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Other postemployment benefits expense	-	-	-	-	-
Claims incurred but not reported (Note 3)	-	-	400,205	-	400,205
Landfill closure and postclosure care costs	-	-	-	-	-
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 2)	522,055	-	-	-	522,055
3. Present value of net minimum capital lease and installment purchase contract payments recorded as expenditures at inception of the agreements	-	-	-	-	-
4. Involuntary court judgements	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
5. Total subtractions	\$ 522,055	\$ 6,911,840	\$ 1,118,344	\$ -	\$ 8,552,239
C. Additions:					
1. Principal payments on long-term debt	-	2,437,409	203,997	-	2,641,406
2. Acquisition of capital assets	-	36,550,010	24,349	-	36,574,359
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 (Note 4)	-	-	797,596	-	797,596
5. Landfill closure and postclosure care costs paid in the current year but reported as expenses in previous years	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
6. Total additions	\$ -	\$ 38,987,419	\$ 1,025,942	\$ -	\$ 40,013,361
D. Amount reported on Part II, Line A	\$ 51,690,216	\$ 64,767,369	\$ 6,933,819	\$ -	\$ 123,391,404

See accompanying notes to the report.

CITY OF PRESCOTT
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 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 November 3, 2009, as authorized by the Arizona Constitution, Article IX, §20(9).

In accordance with 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 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; Statement of Cash Flows for the Proprietary Funds; and the Statement of Changes in Fiduciary Net Position for the Fiduciary Funds.

Note 2 - Expenditures of Separate Legal Entities Reported on Reconciliation

The expenditures shown on the reconciliation as "Expenditures of separate legal entities established under Arizona Revised Statutes" are from the Hassayampa Community Facilities District 1 and 2:

Page 69	CFD Debt Service	\$ 522,055
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Note 3 - Claims Incurred but Not Reported

The subtraction of \$ 400,205 for claims incurred but not reported consists of the estimated costs of claims incurred and expensed in the current year but not yet paid in the Internal Service Fund.

Note 4 - Claims paid in the current year, but reported as expenses incurred but not reported in previous years

The addition of \$ 191,596 for claims paid in the current year, but reported as expenses incurred but not reported in previous years, consists of cash payments in the current year for claims recognized as an expense in previous years in the Internal Service Fund.