

CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2014

**CITY OF GLENDALE, ARIZONA
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2014**

INDEPENDENT ACCOUNTANTS' 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 ACCOUNTANTS' REPORT

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

We have examined the accompanying Annual Expenditure Limitation Report of the City of Glendale, Arizona, for the year ended June 30, 2014. This report is the responsibility of the City of Glendale, 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 Glendale, Arizona, for the year ended June 30, 2014, 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.


CliftonLarsonAllen LLP

Phoenix, Arizona
January 15, 2015

**CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2014**

1. EEC Expenditure Limitation	\$ 528,504,325
2. Amount subject to expenditure limitation (total amount form Part II, line C)	<u>257,563,542</u>
3. Amount under the expenditure limitation	<u><u>\$ 270,940,783</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: Tom Duensing, Executive Director

Telephone Number: (623) 930-2480

Date: January 15, 2015

**CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2014**

	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 238,418,358	\$ 108,623,218	\$ 26,448,114	\$ 373,489,690
B. Less exclusions claimed:				
1. Debt service requirements on bonded indebtedness (Note 2)	34,711,740	25,454,963	-	60,166,703
2. Debt service requirements on other long-term obligations (Note 3)	1,330,307	-	-	1,330,307
3. Grants and aid from Federal government (Note 4)	8,817,250	9,091,095	-	17,908,345
4. Amounts received from the State (Note 4)	3,437,959	-	-	3,437,959
5. Quasi-external interfund transactions (Note 6)	-	-	26,448,114	26,448,114
6. Highway user revenues in excess of fiscal year 1979-80 (Note 4 and 5)	6,633,472	-	-	6,633,472
7. Contracts with other political subdivisions (Note 4)	1,248	-	-	1,248
8. Total exclusions claimed	<u>54,931,976</u>	<u>34,546,058</u>	<u>26,448,114</u>	<u>115,926,148</u>
C. Amount subject to expenditure limitation	<u>\$ 183,486,382</u>	<u>\$ 74,077,160</u>	<u>\$ -</u>	<u>\$ 257,563,542</u>

See accompanying notes to report.

**CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2014**

	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses and special items reported within the fund-based financial statements	\$ 267,896,012	\$ 112,307,994	\$ 28,574,942	\$ 408,778,948
B. Subtractions				
1. Items not requiring use of working capital:				
Depreciation (Note 7)	-	22,907,227	-	22,907,227
Bad debt expense (Note 8)	-	399,902	-	399,902
Claims incurred but not reported (Note 9)	-	-	6,446,129	6,446,129
Landfill closure and postclosure care costs	-	212,429	-	212,429
Other postemployment benefits	-	651,218	-	651,218
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 10)	29,477,654	-	-	29,477,654
3. Total subtractions	29,477,654	24,170,776	6,446,129	60,094,559
C. Additions:				
1. Principal payment on long-term debt (Note 11)	-	15,270,000	-	15,270,000
2. Acquisition of capital assets (Note 12)	-	5,216,000	-	5,216,000
3. Claims paid in the current year but reported as expenses incurred but not reported in previous year (Note 9)	-	-	4,319,301	4,319,301
4. Total additions	-	20,486,000	4,319,301	24,805,301
D. Amounts reported on Part II, Line A	\$ 238,418,358	\$ 108,623,218	\$ 26,448,114	\$ 373,489,690

See accompanying notes to report.

**CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2014**

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 §41-1279.07, which excludes expenditures, expenses, or deductions of certain revenues specified in the Arizona Constitution, Article IX, §20 from the total expenditures, expenses or deductions reported in the fund-based financial statements.

In accordance with the 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-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 Fund Net Position for the Enterprise and Internal Service Funds and the Statement of Cash Flows for the Enterprise and Internal Service Funds.

NOTE 2 DEBT SERVICE REQUIREMENTS ON BONDED INDEBTEDNESS

The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental and Enterprise Funds consist of principal and interest expenditures/expenses, excluding principal and interest paid from legally separate entities.

NOTE 3 DEBT SERVICE REQUIREMENTS ON OTHER LONG-TERM OBLIGATIONS

The exclusion claimed for debt service requirements on other long-term obligations in the Governmental Funds consist of principal and interest expenditures on outstanding capital leases.

NOTE 4 GRANTS AND AID FROM FEDERAL GOVERNMENT, AMOUNTS RECEIVED FROM STATE AND CONTRACTS WITH OTHER POLITICAL SUBDIVISIONS, AND HIGHWAY USER REVENUES

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid, amounts received from the State of Arizona, contracts with other political subdivisions, and highway user revenues in the Governmental and Enterprise Funds.

	<u>Governmental</u>	<u>Enterprise</u>
Grants and aid from the federal government	\$ 8,817,250	\$ 9,091,095
Amounts received from the State of Arizona	3,437,959	-
Contracts with other political subdivisions	1,248	-
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	6,633,472	-
Other revenues (non-excludable)	<u>62,473,845</u>	<u>282,019</u>
Total intergovernmental revenues and capital contributions as reported in the fund-based financial statements	<u><u>\$81,363,774</u></u>	<u><u>\$ 9,373,114</u></u>

**CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2014**

NOTE 5 HIGHWAY USER REVENUES IN EXCESS OF THOSE RECEIVED IN FISCAL YEAR 1979-80

The exclusion claimed for highway user revenues in excess of those received in fiscal year 1979-80 was calculated as follows:

	<u>Governmental</u>
HURF Fund revenues	\$12,789,798
Less: 1979-80 base revenues	<u>(1,264,718)</u>
Excludable revenues	11,525,080
HURF Fund expenditures	7,898,190
Less: 1979-80 base revenues	<u>(1,264,718)</u>
Excludable expenditures	<u>\$ 6,633,472</u>
Prior year carry forward	\$ 9,550,145
Current year additions	<u>4,891,608</u>
Current year carry forward	<u><u>\$14,441,753</u></u>

NOTE 6 QUASI-EXTERNAL INTERFUND TRANSACTIONS

The exclusion of \$26,448,114 for quasi-external transactions consists of the portion of self-insurance premiums expended by the City in the governmental funds for services paid and expensed in the Internal Service Funds. The exclusion was less than actual contributions from the governmental funds due to governmental fund expenditures exceeding current year Internal Service Fund expenses.

NOTE 7 DEPRECIATION

The subtraction of \$22,907,227 for depreciation is included in the amortization and depreciation adjustment in the statement of cash flows for the proprietary funds.

NOTE 8 BAD DEBT EXPENSE

The subtraction for bad debt expense of \$399,902 in the Enterprise Funds is reported as water and sewer, landfill, sanitation, and housing operating expenses.

NOTE 9 CLAIMS INCURRED BUT NOT REPORTED AND CLAIMS PAID IN THE CURRENT YEAR BUT REPORTED AS EXPENSES

The subtraction of \$6,446,129 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 Funds. The addition of \$4,319,301 for claims paid in the current year but reported as expenses incurred, but not reported in the previous year consist of cash payments in the current year for claims recognized as an expense in the previous year in the Internal Service Fund.

**CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2014**

NOTE 10 EXPENDITURES OF SEPARATE LEGAL ENTITIES ESTABLISHED UNDER ARIZONA REVISED STATUTES

The subtraction of \$29,477,654 for separate legal entities established under Arizona Revised Statutes consist of expenditures of the municipal property corporation and the public facilities corporation, which are included within the City's reporting entity, but not included in the Economic Estimates Commission base limit calculations, and are reported in the Governmental Funds category in the fund financial statements.

<u>Separate legal entities</u>	<u>Expenditures</u>
Western Loop 101 Public Facilities Corporation Debt Service	\$ -
Municipal Property Corporation	<u>29,477,654</u>
	<u><u>\$29,477,654</u></u>

NOTE 11 PRINCIPAL PAYMENT ON LONG-TERM DEBT

The addition of \$15,270,000 for principal payments on long-term debt in the Enterprise Fund consists of various payments for general obligation bonds and water and sewer revenue bonds.

NOTE 12 ACQUISITION OF CAPITAL ASSETS

The addition of \$5,216,000 for acquisition of capital assets consists of construction, acquisition, and equipping of water and sewer facilities, landfill and sanitation equipment, housing construction and equipment, and related systems and infrastructure.