

CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2019

**CITY OF GLENDALE, ARIZONA
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YEAR ENDED JUNE 30, 2019**

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CliftonLarsonAllen LLP
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INDEPENDENT ACCOUNTANTS' REPORT

The Auditor General of the State of Arizona

The Honorable Mayor and City Council
City of Glendale, Arizona
Glendale, Arizona

We have examined the accompanying Annual Expenditure Limitation Report of the City of Glendale, Arizona (City), for the year ended June 30, 2019, and the related notes to the report. The City's management is responsible for presenting this report in accordance with the *Uniform Expenditure Reporting System* (UERS) as described in Note 1. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether this report is presented in accordance with the UERS in all material respects. An examination involves performing procedures to obtain evidence about the amounts and disclosures in the report. The nature, timing, and extent of procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Annual Expenditure Limitation Report of the City of Glendale, Arizona, referred to above, is presented in accordance with the UERS as described in Note 1 in all material respects.

This report is intended solely for the information and use of the Mayor and City Council and management of the City of Glendale, Arizona and 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
March 24, 2020

**CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)**

1.	EEC Expenditure Limitation	\$	584,110
2.	Amount subject to expenditure limitation (total amount form Part II, line C)		<u>372,419</u>
3.	Amount under the expenditure limitation	\$	<u>211,691</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: Vicki L. Rios, Assistant City Manager

Telephone Number: (623) 930-2116

Date: March 24, 2020

CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 340,756	\$ 153,641	\$ 55,422	\$ 549,819
B. Less exclusions claimed:				
1. Debt service requirements on bonded indebtedness (Note 2)	49,225	22,177	-	71,402
2. Debt service requirements on other long-term obligations (Note 3)	4,191	-	-	4,191
3. Dividends, interest and gains on sale or redemption of investment securities (Note 12)				
4. Grants and aid from Federal government (Note 4)	3,151	1,652	432	5,235
5. Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes (Note 14)	7,510	9,026	-	16,536
6. Amounts received from the State (Note 4)	97	-	-	97
7. Quasi-external interfund transactions (Note 6)	2,315	-	-	2,315
8. Highway user revenues in excess of fiscal year 1979-80 (Note 4 and 5)	-	-	54,990	54,990
9. Contracts with other political subdivisions (Note 4)	8,983	-	-	8,983
10. Total exclusions claimed	13,651	-	-	13,651
C. Amount subject to expenditure limitation	\$ 89,123	\$ 32,855	\$ 55,422	\$ 177,400
	\$ 251,633	\$ 120,786	\$ -	\$ 372,419

See accompanying notes to report.

CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses and special items reported within the fund-based financial statements	\$ 357,303	\$ 124,045	\$ 55,716	\$ 537,064
B. Subtractions				
1. Items not requiring use of working capital:				
Depreciation	-	27,045	687	27,732
Bad debt expense (Note 7)	-	186	-	186
Claims incurred but not reported (Note 8)	-	-	6,815	6,815
Landfill closure and postclosure care costs	-	543	-	543
Pension and other postemployment benefits (OPEB) expense (Note 13)	-	642	193	835
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 9)	15,955	-	-	15,955
3. Required fees paid to the Arizona Department of Revenue	592	-	-	592
4. Total subtractions	16,547	28,416	7,695	52,658
C. Additions:				
1. Principal payment on long-term debt (Note 10)	-	12,780	-	12,780
2. Acquisition of capital assets (Note 11)	-	42,624	712	43,336
3. Claims paid in the current year but reported as expenses incurred but not reported in previous year (Note 8)	-	-	6,130	6,130
4. Pension and OPEB contributions paid in the current year (Note 13)	-	2,608	559	3,167
5. Total additions	-	58,012	7,401	65,413
D. Amounts reported on Part II, Line A	\$ 340,756	\$ 153,641	\$ 55,422	\$ 549,819

See accompanying notes to report.

CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

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.

The following is a summary of the exclusions claimed for principal and interest requirements on bonded indebtedness:

	Governmental	Enterprise
Principal	\$ 29,645	\$ 12,780
Interest	19,580	8,081
Plus: Amortized Premium	-	2,250
Less: Amortized Deferred Amount on Refunding	-	(934)
	\$ 49,225	\$ 22,177

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 and Enterprise Funds consist of principal and interest expenditures/expenses, excluding principal and interest paid from legally separate entities.

The following is a summary of the exclusions claimed for principal and interest requirements on other long-term obligations:

	Governmental	Enterprise
Principal	\$ 4,116	\$ -
Interest	75	-
	\$ 4,191	\$ -

CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

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.

	Governmental	Enterprise
Grants and aid from the federal government	\$ 7,510	\$ 9,026
Amounts received from the State of Arizona	2,315	-
Contracts with other political subdivisions	13,651	-
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	8,983	-
Other revenues (non-excludable)	63,114	3,401
Total intergovernmental revenues and capital contributions as reported in the fund-based financial statements	\$ 95,573	\$ 12,427

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:

	Governmental
HURF Fund revenues	\$ 16,844
Less: 1979-80 base revenues	(1,265)
Excludable revenues	\$ 15,579
HURF Fund expenditures	\$ 10,248
Less: 1979-80 base revenues	(1,265)
Excludable expenditures	\$ 8,983
Prior year carry forward	\$ 3,859
Current year additions	6,596
Less: Transfer Out	(7,631)
Current year carry forward	\$ 2,824

NOTE 6 QUASI-EXTERNAL INTERFUND TRANSACTIONS

The exclusion of \$54,990 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.

CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2019
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 7 BAD DEBT EXPENSE

The subtraction for bad debt expense of \$186 in the Enterprise Funds is reported as water and sewer, landfill, sanitation, and housing operating expenses.

NOTE 8 CLAIMS INCURRED BUT NOT REPORTED AND CLAIMS PAID IN THE CURRENT YEAR BUT REPORTED AS EXPENSES

The subtraction of \$6,815 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 \$6,130 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.

NOTE 9 EXPENDITURES OF SEPARATE LEGAL ENTITIES ESTABLISHED UNDER ARIZONA REVISED STATUTES

The subtraction for separate legal entities established under Arizona Revised Statutes consist of expenditures of the municipal property corporation, which is 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>
Municipal Property Corporation	
Operating	\$ 11
Principal	5,945
Interest	9,999
	<u>\$ 15,955</u>

NOTE 10 PRINCIPAL PAYMENT ON LONG-TERM DEBT

The addition of \$12,780 for principal payments on long-term debt in the Enterprise Fund consists of various payments for general obligation bonds, water and sewer revenue bonds, and notes payable.

NOTE 11 ACQUISITION OF CAPITAL ASSETS

The addition 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 in the Enterprise and Internal Service Funds.

	<u>Enterprise</u>	<u>Internal Service Funds</u>
Acquisition of Capital Assets	\$ 42,624	\$ 712
	<u>\$ 42,624</u>	<u>\$ 712</u>

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JUNE 30, 2019
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NOTE 12 DIVIDENDS, INTEREST AND GAINS ON SALE OF INVESTMENT SECURITIES

The exclusion claimed for dividends, interest, and gains on sale or redemption of investment securities of \$3,151 in the Governmental Funds, \$1,652 in the Enterprise Funds and \$432 in the Internal Service Funds. There is no revenue remaining to carry forward to future years.

NOTE 13 PENSION & OPEB EXPENSE AND CONTRIBUTIONS

The subtraction for pension and OPEB expense consists of the change in the net pension liabilities recognized in the current year in the Enterprise Funds and Internal Service Funds.

	Enterprise	Internal Service Funds
Subtraction of Pension Expense	\$ 1,710	\$ 366
Subtraction of OPEB Expense	(1,068)	(173)
	\$ 642	\$ 193

The addition for pension and OPEB contributions paid in the current year consists of the required pension and OPEB contributions made to the Arizona State Retirement System from the Enterprise Funds and Internal Service Funds.

	Enterprise	Internal Service Funds
Addition of Pension Contributions paid in the current year	\$ 2,472	\$ 530
Addition of OPEB Contributions paid in the current year	136	29
	\$ 2,608	\$ 559

NOTE 14 CONTRIBUTIONS & DONATIONS FROM PRIVATE DONORS

	Governmental
Contributions/Donations	\$ 97
	\$ 97