

**CITY OF GLENDALE, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2016**

**CITY OF GLENDALE, ARIZONA  
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**CliftonLarsonAllen**

CliftonLarsonAllen LLP  
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## **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, 2016. 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, 2016, 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*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
February 2, 2017

**CITY OF GLENDALE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
(AMOUNTS EXPRESSED IN THOUSANDS)  
YEAR ENDED JUNE 30, 2016**

1. EEC Expenditure Limitation	\$ 542,089
2. Amount subject to expenditure limitation (total amount form Part II, line C)	<u>323,077</u>
3. Amount under the expenditure limitation	<u>\$ 219,012</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 Rios, Budget and Finance Director

Telephone Number: (623) 930-2480

Date: February 2, 2017

**CITY OF GLENDALE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
(AMOUNTS EXPRESSED IN THOUSANDS)  
YEAR ENDED JUNE 30, 2016**

	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 313,151	\$ 118,192	\$ 46,504	\$ 477,847
B. Less exclusions claimed:				
1. Debt service requirements on bonded indebtedness (Note 2)	40,649	23,638	-	64,287
2. Debt service requirements on other long-term obligations (Note 3)	52	61	-	113
3. Grants and aid from Federal government (Note 4)	8,641	9,577	-	18,218
4. Amounts received from the State (Note 4)	2,531	-	-	2,531
5. Quasi-external interfund transactions (Note 6)	-	-	44,363	44,363
6. Highway user revenues in excess of fiscal year 1979-80 (Note 4 and 5)	7,542	-	-	7,542
7. Contracts with other political subdivisions (Note 4)	17,716	-	-	17,716
8. Total exclusions claimed	<u>77,131</u>	<u>33,276</u>	<u>44,363</u>	<u>154,770</u>
C. Amount subject to expenditure limitation	<u>\$ 236,020</u>	<u>\$ 84,916</u>	<u>\$ 2,141</u>	<u>\$ 323,077</u>

See accompanying notes to report.

**CITY OF GLENDALE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION  
(AMOUNTS EXPRESSED IN THOUSANDS)  
YEAR ENDED JUNE 30, 2016**

	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses and special items reported within the fund-based financial statements	\$ 338,852	\$ 118,235	\$ 44,363	\$ 501,450
B. Subtractions				
1. Items not requiring use of working capital:				
Depreciation (Note 7)	-	25,325	232	25,557
Bad debt expense (Note 8)	-	181	-	181
Claims incurred but not reported (Note 9)	-	-	3,736	3,736
Other postemployment benefits	-	881	-	881
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 10)	25,701	-	-	25,701
3. Total subtractions	25,701	26,387	3,968	56,056
C. Additions:				
1. Principal payment on long-term debt (Note 11)	-	13,231	-	13,231
2. Acquisition of capital assets (Note 12)	-	13,113	394	13,507
3. Claims paid in the current year but reported as expenses incurred but not reported in previous year (Note 9)	-	-	5,715	5,715
4. Total additions	-	26,344	6,109	32,453
D. Amounts reported on Part II, Line A	\$ 313,151	\$ 118,192	\$ 46,504	\$ 477,847

See accompanying notes to report.

**CITY OF GLENDALE, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
(AMOUNTS EXPRESSED IN THOUSANDS)  
JUNE 30, 2016**

**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:

	<b>Governmental</b>	<b>Enterprise Funds</b>
Principal	\$ 35,600	\$ 13,170
Interest	30,380	9,152
Plus Amortized Premium	-	2,250
Less: Amortized Deferred Amount on Refunding	-	(934)
Less: Legally Separate Entity	(25,331)	-
	<u>\$ 40,649</u>	<u>\$ 23,638</u>

**CITY OF GLENDALE, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
(AMOUNTS EXPRESSED IN THOUSANDS)  
JUNE 30, 2016**

**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.

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

	<u>Governmental</u>	<u>Enterprise Funds</u>
Principal	\$ 50	\$ 61
Interest	2	-
	<u>\$ 52</u>	<u>\$ 61</u>

**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	\$ 8,641	\$ 9,577
Amounts received from the State of Arizona	2,531	-
Contracts with other political subdivisions	17,716	-
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	7,542	-
Other revenues (non-excludable)	49,843	532
Total intergovernmental revenues and capital contributions as reported in the fund-based financial statements	<u>\$ 86,273</u>	<u>\$ 10,109</u>

**CITY OF GLENDALE, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
(AMOUNTS EXPRESSED IN THOUSANDS)  
JUNE 30, 2016**

**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	\$ 14,625
Less: 1979-80 base revenues	(1,265)
Excludable revenues	13,360
HURF Fund expenditures	8,807
Less: 1979-80 base revenues	(1,265)
Excludable expenditures	\$ 7,542
Prior year carry forward	\$ 21,245
Current year additions	5,818
Less: Transfer Out	(10,365)
Current year carry forward	\$ 16,698

**NOTE 6 QUASI-EXTERNAL INTERFUND TRANSACTIONS**

The exclusion of \$44,363 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 \$25,325 and \$232 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 \$181 in the Enterprise Funds is reported as water and sewer, landfill, sanitation, and housing operating expenses.

**CITY OF GLENDALE, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
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JUNE 30, 2016**

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

The subtraction of \$3,736 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 \$5,715 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 10 EXPENDITURES OF SEPARATE LEGAL ENTITIES ESTABLISHED UNDER ARIZONA REVISED STATUTES**

The subtraction of \$25,701 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.

Separate legal entities	Expenditures
Municipal Property Corporation	\$ 25,701

**NOTE 11 PRINCIPAL PAYMENT ON LONG-TERM DEBT**

The addition of \$13,231 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 \$13,113 and \$394 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.