

**CITY OF GLENDALE, ARIZONA**  
**ANNUAL EXPENDITURE LIMITATION REPORT**  
**YEAR ENDED JUNE 30, 2017**

**CITY OF GLENDALE, ARIZONA  
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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

We have examined the accompanying Annual Expenditure Limitation Report of the City of Glendale, Arizona (City), for the year ended June 30, 2017, 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. However, this report is a matter of public record, and its distribution is not limited.



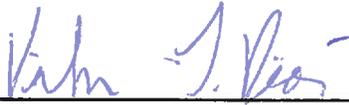
**CliftonLarsonAllen LLP**

Phoenix, Arizona  
February 28, 2018

**CITY OF GLENDALE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART I  
YEAR ENDED JUNE 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)**

1. EEC Expenditure Limitation	\$	554,465
2. Amount subject to expenditure limitation (total amount form Part II, line C)		<u>319,253</u>
3. Amount under the expenditure limitation	\$	<u>235,212</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, Budget & Finance Director

Telephone Number: (623) 930-2470

Date: February 28, 2018

**CITY OF GLENDALE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - PART II  
YEAR ENDED JUNE 30, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)**

	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 312,946	\$ 130,583	\$ 49,458	\$ 492,987
B. Less exclusions claimed:				
1. Debt service requirements on bonded indebtedness (Note 2)	53,776	21,339	-	75,115
2. Debt service requirements on other long-term obligations (Note 3)	4,192	12	-	4,204
3. Dividends, interest and gains on sale or redemption of investment securities (Note 13)	250	883	123	1,256
4. Grants and aid from Federal government (Note 4)	8,082	9,415	-	17,497
5. Grants, aid, contributions or gifts from a private agency, organization or individual except amounts received in lieu of taxes	211	-	-	211
6. Amounts received from the State (Note 4)	3,348	-	-	3,348
7. Quasi-external interfund transactions (Note 6)	-	-	49,335	49,335
8. Amounts accumulated for purchase of land, and purchase or construction of buildings or improvements	468	-	-	468
9. Highway user revenues in excess of fiscal year 1979-80 (Note 4 and 5)	8,660	-	-	8,660
10. Contracts with other political subdivisions (Note 4)	13,640	-	-	13,640
11. Total exclusions claimed	92,627	31,649	49,458	173,734
C. Amount subject to expenditure limitation	\$ 220,319	\$ 98,934	\$ -	\$ 319,253

See accompanying notes to report.

**CITY OF GLENDALE, ARIZONA  
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION  
YEAR ENDED JUNE 30, 2017  
(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	\$ 332,637	\$ 123,683	\$ 49,514	\$ 505,834
B. Subtractions				
1. Items not requiring use of working capital:				
Depreciation (Note 7)	-	25,112	370	25,482
Bad debt expense (Note 8)	-	130	-	130
Claims incurred but not reported (Note 9)	-	-	3,972	3,972
Landfill closure and postclosure care costs	-	438	-	438
Other postemployment benefits	-	318	199	517
Pension expense (Note 14)	-	1,279	258	1,537
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 10)	19,202	-	-	19,202
3. Required fees paid to the Arizona Department of Revenue	489	-	-	489
4. Total subtractions	<u>19,691</u>	<u>27,277</u>	<u>4,799</u>	<u>51,767</u>
C. Additions:				
1. Principal payment on long-term debt (Note 11)	-	9,427	-	9,427
2. Acquisition of capital assets (Note 12)	-	22,548	563	23,111
3. Claims paid in the current year but reported as expenses incurred but not reported in previous year (Note 9)	-	-	3,736	3,736
4. Pension contributions paid in the current year (Note 14)	-	2,202	444	2,646
5. Total additions	<u>-</u>	<u>34,177</u>	<u>4,743</u>	<u>38,920</u>
D. Amounts reported on Part II, Line A	<u>\$ 312,946</u>	<u>\$ 130,583</u>	<u>\$ 49,458</u>	<u>\$ 492,987</u>

See accompanying notes to report.

**CITY OF GLENDALE, ARIZONA  
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT  
JUNE 30, 2017  
(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:

	<u>Governmental</u>	<u>Enterprise</u>
Principal	\$ 37,405	\$ 9,415
Interest	16,371	10,608
Plus: Amortized Premium	-	2,250
Less: Amortized Deferred Amount on Refunding	-	(934)
	<u>\$ 53,776</u>	<u>\$ 21,339</u>

**CITY OF GLENDALE, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**JUNE 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**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:

	<u>Governmental</u>	<u>Enterprise</u>
Principal	\$ 2,136	\$ 12
Interest	2,056	-
Plus: Amortized Premium	-	-
Less: Amortized Deferred Amount on Refunding	-	-
	<u>\$ 4,192</u>	<u>\$ 12</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	\$ 8,082	\$ 9,415
Amounts received from the State of Arizona	3,348	-
Contracts with other political subdivisions	13,640	-
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 5)	8,660	-
Other revenues (non-excludable)	55,954	2,460
Total intergovernmental revenues and capital contributions as reported in the fund-based financial statements	<u>\$ 89,684</u>	<u>\$ 11,875</u>

**CITY OF GLENDALE, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**JUNE 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**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	\$ 15,463
Less: 1979-80 base revenues	(1,265)
Excludable revenues	\$ 14,198
HURF Fund expenditures	\$ 9,925
Less: 1979-80 base revenues	(1,265)
Excludable expenditures	\$ 8,660
Prior year carry forward	\$ 16,698
Current year additions	5,538
Less: Transfer Out	(7,003)
Current year carry forward	\$ 15,233

**NOTE 6 QUASI-EXTERNAL INTERFUND TRANSACTIONS**

The exclusion of \$49,335 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 \$25,482 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 \$130 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 \$3,972 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 \$3,736 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, 2017  
(AMOUNTS EXPRESSED IN THOUSANDS)**

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

The subtraction of \$19,202 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	19,202
	\$ 19,202

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

The addition of \$9,427 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 12 ACQUISITION OF CAPITAL ASSETS**

The addition of \$23,111 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.

	Enterprise	Internal Service Funds
Acquisition of Capital Assets	\$ 22,548	\$ 563
	\$ 22,548	\$ 563

**NOTE 13 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 \$250 in the Governmental Funds, \$883 in the Enterprise Funds and \$123 in the Internal Service Funds. There is no revenue remaining to carry forward to future years.

**CITY OF GLENDALE, ARIZONA**  
**NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT**  
**JUNE 30, 2017**  
**(AMOUNTS EXPRESSED IN THOUSANDS)**

**NOTE 14 PENSION EXPENSE AND CONTRIBUTIONS**

The subtraction of \$1,537 for pension 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	\$ 1,279	\$ 258
	\$ 1,279	\$ 258

The addition of \$2,646 for pension contributions paid in the current year consists of the required pension 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	\$ 2,202	\$ 444
	\$ 2,202	\$ 444