

CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2022

**CITY OF GLENDALE, ARIZONA
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YEAR ENDED JUNE 30, 2022**

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INDEPENDENT ACCOUNTANTS' REPORT

Auditor General of the State of Arizona
Honorable Mayor and the 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, 2022, 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 the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the report, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

CliftonLarsonAllen LLP

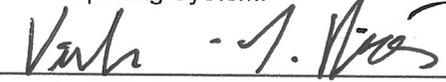
CliftonLarsonAllen LLP

Phoenix, Arizona
March 31, 2023

**CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2022
(AMOUNTS EXPRESSED IN THOUSANDS)**

1. Economic Estimates Commission expenditure limitation	\$ 628,452
2. Amount subject to the expenditure limitation (total amount from Part II, line C)	\$ 383,781
3. Amount under (in excess of) the expenditure limitation	\$ <u>244,671</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 financial officer: 

Name and title: Vicki L. Rios, Assistant City Manager

Telephone number: (623) 930-2268

Date: 3-31-23

See accompanying notes to report.

**CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2022
(AMOUNTS EXPRESSED IN THOUSANDS)**

Description	<u>Governmental funds</u>	<u>Enterprise funds</u>	<u>Internal service funds</u>	<u>Total</u>
A. Amounts reported on the Reconciliation, line D	\$ 631,302	\$ 185,019	\$ 69,144	\$ 885,465
B. Less exclusions claimed:				
1. Debt proceeds	252,800			252,800
2. Debt service requirements	54,338	23,901		78,239
Dividends, interest, and gains on the sale or redemption of investment				
3. securities	-	285	204	489
4. Grants and aid from the federal government	41,440	11,640		53,080
Grants, aid, contributions, or gifts from a private agency, organization, or				
5. individual, except amounts received in lieu of taxes	47			47
6. Amounts received from the State of Arizona	20,199	-		20,199
7. Quasi-external interfund transactions			68,940	68,940
8. Highway user revenues in excess of those received in fiscal year 1979-80	12,904			12,904
9. Contracts with other political subdivisions	14,986			14,986
10. Total exclusions claimed	<u>396,714</u>	<u>35,826</u>	<u>69,144</u>	<u>501,684</u>
C. Amounts subject to the expenditure limitation	<u>\$ 234,588</u>	<u>\$ 149,193</u>	<u>\$ -</u>	<u>\$ 383,781</u>

See accompanying notes to report.

CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2022
(AMOUNTS EXPRESSED IN THOUSANDS)

Description	Governmental funds	Enterprise funds	Internal service funds	Total
Total expenditures/expenses/deductions and applicable other financing uses, special				
A. items, and extraordinary items reported within the fund financial statements	\$ 645,786	\$ 145,284	\$ 69,821	\$ 860,891
B. Subtractions:				
1. Items not requiring use of current financial resources:				
a. Depreciation		33,837	1,007	34,844
b. Bad debt expense		(76)		(76)
c. Pension and other postemployment benefits (OPEB) expense		1,644	394	2,038
d. Claims incurred but not reported (IBNR)			8,578	8,578
e. Landfill closure and postclosure care costs and pollution remediation		1,379		1,379
2. Expenditures of separate legal entities established under Arizona Revised Statutes	14,484			14,484
3. Total subtractions	<u>14,484</u>	<u>36,784</u>	<u>9,979</u>	<u>61,247</u>
C. Additions:				
1. Principal payments on long-term debt		16,585		16,585
2. Capital asset acquisitions		57,020	751	57,771
3. Claims previously recognized as IBNR			7,890	7,890
4. Pension and OPEB contributions paid in the current year		2,914	661	3,575
5. Total additions	<u>-</u>	<u>76,519</u>	<u>9,302</u>	<u>85,821</u>
D. Amounts reported on Part II, line A	<u>\$ 631,302</u>	<u>\$ 185,019</u>	<u>\$ 69,144</u>	<u>\$ 885,465</u>

See accompanying notes to report.

CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2022
(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	\$ 33,500	\$ 16,585
Interest	20,838	4,619
Plus: Amortized Premium		3,383
Less: Amortized Deferred Amount on Refunding		(686)
	<u>\$ 54,338</u>	<u>\$ 23,901</u>

CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2022
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 3 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	\$ 41,440	\$ 11,640
Amounts received from the State of Arizona	20,199	-
Contracts with other political subdivisions	14,986	-
Highway user revenues in excess of those received in fiscal year 1979-80 (Note 4)	12,904	-
Other revenues (non-excludable)	57,379	10,331
Total intergovernmental revenues and capital contributions as reported in the fund-based financial statements	\$ 146,908	\$ 21,971

NOTE 4 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	\$ 18,658
Less: 1979-80 base revenues	(1,265)
Excludable revenues	\$ 17,393
HURF Fund expenditures	\$ 14,169
Less: 1979-80 base revenues	(1,265)
Excludable expenditures	\$ 12,904
Prior year carry forward	\$ 8,270
Current year additions	4,489
Less: Transfer Out	-
Current year carry forward	\$ 12,759

NOTE 5 QUASI-EXTERNAL INTERFUND TRANSACTIONS

The exclusion of \$57,578 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, 2022
(AMOUNTS EXPRESSED IN THOUSANDS)

NOTE 6 BAD DEBT EXPENSE

The subtraction for bad debt expense of \$300 in the Enterprise Funds is reported as water and sewer, landfill, sanitation, and housing operating expenses.

NOTE 7 CLAIMS INCURRED BUT NOT REPORTED AND CLAIMS PAID IN THE CURRENT YEAR BUT REPORTED AS EXPENSES

The subtraction of \$7,890 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 \$7,915 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 8 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	\$ 8
Principal	5,295
Interest	9,181
	<u>\$ 14,484</u>

NOTE 9 PRINCIPAL PAYMENT ON LONG-TERM DEBT

The addition of \$42,270 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 10 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	<u>\$ 57,020</u>	<u>\$ 751</u>
	<u>\$ 57,020</u>	<u>\$ 751</u>

CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2022
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NOTE 11 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 \$230 in the Enterprise Funds and \$336 in the Internal Service Funds. There is no revenue remaining to carry forward to future years.

NOTE 12 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	\$ 2,358	\$ 532
Subtraction of OPEB Expense	(714)	(138)
	\$ 1,644	\$ 394

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	\$ 2,879	\$ 649
Addition of OPEB Contributions paid in the current year	35	12
	\$ 2,914	\$ 661
Total	\$ 1,270	\$ 267

The schedule below reconciles the net effect the subtraction and addition have on the expenditures subject to the limitation to the amounts reported on the statement of cash flows' net effect on cash.

	Enterprise	Internal Service Funds
Change in net pension and OPEB asset	\$ 840	\$ 190
Change in deferred inflows related to pensions and OPEB	7,620	1,719
Change in deferred outflows related to pensions and OPEB	795	167
Change in net pension and OPEB liability	(7,985)	(1,809)
Total	\$ 1,270	\$ 267

**CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
JUNE 30, 2022
(AMOUNTS EXPRESSED IN THOUSANDS)**

NOTE 13 CONTRIBUTIONS & DONATIONS FROM PRIVATE DONORS

	<u>Governmental</u>
Contributions/Donations	<u>\$ 47</u>
	<u><u>\$ 47</u></u>