

**CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012
(With Independent Auditors' Report Thereon)**

**CITY OF GLENDALE, ARIZONA
REPORT ON AUDIT OF ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012**

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INDEPENDENT AUDITORS' REPORT

The Auditor General of the State of Arizona

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

We have audited the accompanying Annual Expenditure Limitation Report of the City of Glendale, Arizona, for the year ended June 30, 2012. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the report. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall report presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Annual Expenditure Limitation Report was prepared for the purpose of complying with the uniform expenditure reporting system as discussed in Note 1, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the Annual Expenditure Limitation Report of the City of Glendale, Arizona, for the year ended June 30, 2012, 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.

This report is intended solely for the information and use of management, and for filing with 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.

Heinfeld, Meech & Co., P.C.

HEINFELD, MEECH & CO., P.C.
CPAs and Business Consultants

January 15, 2013

CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART I
YEAR ENDED JUNE 30, 2012

1. Economic Estimates Commission expenditure limitation	\$ 503,505,380
2. Amount subject to the expenditure limitation (Part II, Line C)	<u>311,114,966</u>
3. Amount under the expenditure limitation	<u>\$ 192,390,414</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:

Diane Goke, Chief Financial Officer

Telephone Number: (623) 930-2480

Date: January 15, 2013

CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - PART II
YEAR ENDED JUNE 30, 2012

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Amounts reported on the Reconciliation, Line D	\$ 258,399,127	\$ 114,355,240	\$ 27,969,250	\$ 400,723,617
B. Less exclusions claimed:				
1. Debt Service requirements on bonded indebtedness (Note 2)	37,593,014			37,593,014
2. Grants and aid from the federal government (Note 3)	10,870,194	9,514,409		20,384,603
3. Amounts received from the state (Note 3)	1,543,076			1,543,076
4. Highway user revenues in excess of those received in fiscal year 1979-80 (Note 3)	6,326,457			6,326,457
5. Contracts with other political subdivisions (Note 3)	54,747			54,747
6. Quasi-external interfund transactions (Note 8)			23,706,754	23,706,754
7. Total exclusions claimed	<u>56,387,488</u>	<u>9,514,409</u>	<u>23,706,754</u>	<u>89,608,651</u>
C. Amount subject to expenditure limitation	<u>\$ 202,011,639</u>	<u>\$ 104,840,831</u>	<u>\$ 4,262,496</u>	<u>\$ 311,114,966</u>

See accompanying notes to report.

CITY OF GLENDALE, ARIZONA
ANNUAL EXPENDITURE LIMITATION REPORT - RECONCILIATION
YEAR ENDED JUNE 30, 2012

Description	Governmental Funds	Enterprise Funds	Internal Service Funds	Total
A. Total expenditures/expenses and special items reported within the fund-based financial statements	\$ 288,714,797	\$ 116,325,000	\$ 26,813,178	\$ 431,852,975
B. Subtractions:				
1. Items not requiring the use of working capital:				
Depreciation (Note 4)		22,707,721		22,707,721
Bad debt expense (Note 5)		760,742		760,742
Claims incurred but not reported (Note 6)			8,516,127	8,516,127
Landfill closure and postclosure care costs		693,709		693,709
Other postemployment benefits expense		1,839,588		1,839,588
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 7)	<u>30,315,670</u>			<u>30,315,670</u>
3. Total subtractions	<u>30,315,670</u>	<u>26,001,760</u>	<u>8,516,127</u>	<u>64,833,557</u>
C. Additions:				
1. Principal payments on long-term debt (Note 9)		17,045,000		17,045,000
2. Acquisition of capital assets (Note 10)		6,987,000		6,987,000
3. Claims paid in the current year but reported as expenses incurred but not reported in previous years (Note 6)			9,672,199	9,672,199
5. Total additions	<u>-</u>	<u>24,032,000</u>	<u>9,672,199</u>	<u>33,704,199</u>
D. Amounts reported on Part II, Line A	\$ <u>258,399,127</u>	\$ <u>114,355,240</u>	\$ <u>27,969,250</u>	\$ <u>400,723,617</u>

See accompanying notes to report.

CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012

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 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 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 Assets for the Proprietary Funds, and the Statement of Cash Flows for the Proprietary Funds.

NOTE 2 - The exclusion claimed for debt service requirements on bonded indebtedness in the Governmental Funds consists of principal retirement and interest expense.

NOTE 3 - 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.

Description	Governmental	Enterprise
Grants and aid from the federal government	\$ 10,870,194	\$ 9,514,409
Amounts received from the State of Arizona	1,543,076	
Contracts with other political subdivisions	54,747	
Highway user revenues in excess of those received in fiscal year 1979-80	6,326,457	
Other revenues (nonexcludable)	54,215,823	
Total intergovernmental revenues and capital contributions as reported in the fund-based financial statements	<u>\$ 73,010,297</u>	<u>\$ 9,514,409</u>

NOTE 4 - The subtraction of \$22,707,721 for depreciation is included in the amortization and depreciation adjustment in the Statement of Cash Flows for the Proprietary Funds.

CITY OF GLENDALE, ARIZONA
NOTES TO ANNUAL EXPENDITURE LIMITATION REPORT
YEAR ENDED JUNE 30, 2012

NOTE 5 - The subtraction for bad debt expense of \$760,742 in the Enterprise Funds is reported as water and sewer, landfill, sanitation, and housing operating expenses.

NOTE 6 - The subtraction of \$8,516,127 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 \$9,672,199 for claims paid in the current year but reported as expenses incurred but not reported in previous years consists of cash payments in the current year for claims recognized as an expense in previous years in the Internal Service Funds.

NOTE 7 - The subtraction of \$30,315,670 for separate legal entities established under Arizona Revised Statutes consists 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>	
General government	\$ 246,793
Capital outlay	35,427
Miscellaneous	164,583
Principal	2,590,000
Interest and other charges	<u>27,278,867</u>
Total	<u>\$ 30,315,670</u>

NOTE 8 - The exclusion of \$23,706,754 quasi-external interfund 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.

NOTE 9 - The addition of \$17,045,000 for principal payments on long-term debt in the Enterprise Funds consists of various payments for G.O. Bonds, Water and Sewer Revenue Bonds, capital lease obligations and notes payable.

NOTE 10 - The addition of \$6,987,000 for acquisition of capital assets consists of construction, acquisition and equipping of water and sewer facilities and related systems and infrastructure.