

City of Litchfield Park, Arizona

**Report on Audit of Annual
Expenditure Limitation Report**

Year ended June 30, 2013

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Independent Auditor's Report

The Auditor General of the State of Arizona

The Honorable Mayor and City Council
of City of Litchfield Park, Arizona

We have audited the accompanying Annual Expenditure Limitation Report of City of Litchfield Park, Arizona for the year ended June 30, 2013. This report is the responsibility of the City's management. Our responsibility is to express an opinion on this report based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 U.S. generally accepted accounting principles.

In our opinion, the Annual Expenditure Limitation Report of City of Litchfield Park, Arizona for the year ended June 30, 2013, 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 information and use of the members of the Arizona State Legislature, City Council, management and others within the City of Litchfield Park, Arizona and for filing with the Auditor General of the State of Arizona, and is not intended 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.

Walker & Armstrong LLP

Phoenix, Arizona
January 20, 2014

City of Litchfield Park, Arizona
Annual Expenditure Limitation Report - Part I
Year ended June 30, 2013

1. Economic Estimates Commission expenditure limitation	\$ 14,312,962
2. Amount subject to the expenditure limitation (Total amount from Part II, Line C)	<u>6,446,587</u>
3. Amount under the expenditure limitation	<u><u>\$ 7,866,375</u></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: Benjamin P. Ronquillo, Finance Director

Telephone Number: (623) 935-4364

Date: January 20, 2014

See accompanying notes to report.

City of Litchfield Park, Arizona
Annual Expenditure Limitation Report - Part II
Year ended June 30, 2013

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the reconciliation, Line D.	\$ 5,597,356	\$ 981,383	\$ 6,578,739
B. Less exclusions claimed:			
1. Grants, aid, contributions, or gifts from a private agency, organization, or individual, except amounts received in lieu of taxes (Note 4)	35,204	-	35,204
2. Highway User Revenues in excess of those received in fiscal year 1979-80 (Note 3)	<u>96,948</u>	<u>-</u>	<u>96,948</u>
Total exclusions claimed	<u>132,152</u>	<u>-</u>	<u>132,152</u>
C. Amounts subject to the expenditure limitation.	<u>\$ 5,465,204</u>	<u>\$ 981,383</u>	<u>\$ 6,446,587</u>

See accompanying notes to report.

City of Litchfield Park, Arizona
Annual Expenditure Limitation Report - Reconciliation
Year ended June 30, 2013

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses reported within the fund financial statements	\$ 6,610,865	\$ 1,014,666	\$ 7,625,531
B. Subtractions:			
1. Items not requiring use of working capital:			
Depreciation	-	33,283	33,283
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 4)	<u>1,013,509</u>	<u>-</u>	<u>1,013,509</u>
Total subtractions	1,013,509	33,283	1,046,792
C. Additions	<u>-</u>	<u>-</u>	<u>-</u>
D. Amounts reported on Part II, Line A	<u>\$ 5,597,356</u>	<u>\$ 981,383</u>	<u>\$ 6,578,739</u>

See accompanying notes to report.

City of Litchfield Park, Arizona

Notes to Annual Expenditure Limitation Report

Year ended June 30, 2013

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 Systems* (UERS), as required by Arizona Revised Statutes Sec. 41-1279.07, which excludes expenditures or expenses of certain revenues specified in the Arizona Constitution, Article IX, Sec. 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, the Statement of Revenues, Expenses, and Changes in Net Assets for the Enterprise Fund and the Statement of Cash Flows for the Enterprise Fund.

Note 2 – Dividends, Interest and Gains on Sale or Redemption of Investment Securities

No exclusions were claimed for expenditures and expenses of interest, dividends and gains on the sale or redemption of securities and \$11,416 of unexpended revenues have been carried forward to future years.

Note 3 – Intergovernmental Revenues

The following schedule presents revenues from which exclusions have been claimed for federal grants and aid and amounts received from the State of Arizona, including Highway User Revenues in the Governmental Funds:

<u>Description</u>	<u>Governmental Funds</u>
Highway User Revenues in excess of those received in fiscal year 1979-80	\$ 96,948
Grants, aid, contributions, or gifts from a private agency, Organization, or individual (Note 4) (excludable)	35,204
Revenues carried forward to future years (excludable)	202,861
Other revenues (nonexcludable)	<u>1,206,900</u>
Total intergovernmental revenues as reported in fund-based financial statements	<u>\$ 1,541,913</u>

Notes to Annual Expenditure Limitation Report – Continued

Note 3 – Intergovernmental Revenues - Continued

The exclusion for Highway User Revenues includes amounts expended in the Highway User Revenues Fund totaling \$96,948. The remaining unexpended amount of \$202,861 was transferred to the Capital Improvements Fund and carried forward to future years.

Note 4 – Grants, Aid, Contributions or Gifts

The exclusion claimed for grants, aid, contributions, or gifts from a private agency organization, or individual, except amounts received in lieu of taxes, consists of \$35,204 of private contributions received from a Native American community and reported as intergovernmental revenues in the Capital Improvements Fund.

Note 5 – Expenditures of Separate Legal Entities

The subtraction of \$1,019,366 for separate legal entities established under Arizona Revised Statutes consists of expenditures of special assessment districts included within the City’s reporting entity but not included in the Economic Estimates Commission base limit calculations, and are reported as follows in the fund financial statements.

	<u>Debt Service Fund</u>	<u>Non-Major Funds</u>	<u>Totals</u>
Principal retirement	\$ 225,000	\$ -	\$ 225,000
Interest and fiscal charges	297,787	-	297,787
Streetlights	-	219,304	219,304
Total	<u>\$ 522,787</u>	<u>\$ 219,304</u>	<u>\$ 742,091</u>