

City of Litchfield Park, Arizona

**Report on Examination of Annual
Expenditure Limitation Report**

Year ended June 30, 2016

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Independent Accountant's Report

The Auditor General of the State of Arizona

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

We have examined the accompanying Annual Expenditure Limitation Report of City of Litchfield Park, Arizona for the year ended June 30, 2016. This report is the responsibility of the City'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 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 City of Litchfield Park, Arizona referred to above presents, in all material respects, the information prescribed by the uniform expenditure reporting system as described in Note 1.

Walker & Armstrong, LLP

Phoenix, Arizona
January 31, 2017

City of Litchfield Park, Arizona
Annual Expenditure Limitation Report - Part I
Year ended June 30, 2016

1. Economic Estimates Commission expenditure limitation	\$ 15,677,806
2. Amount subject to the expenditure limitation (Total amount from Part II, Line C)	<u>11,834,648</u>
3. Amount under the expenditure limitation	<u>\$ 3,843,158</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: 01 / 31 / 2017

See accompanying notes to report.

City of Litchfield Park, Arizona
Annual Expenditure Limitation Report - Part II
Year ended June 30, 2016

Description	Governmental Funds	Enterprise Funds	Total
A. Amounts reported on the reconciliation, Line D.	\$ 10,868,543	\$ 1,040,946	\$ 11,909,489
B. Less exclusions claimed:			
1. Amounts received from the state of Arizona	1,502	-	1,502
Highway User Revenues in excess of those received in fiscal year 1979-80 (Note 3)	<u>73,339</u>	<u>-</u>	<u>73,339</u>
Total exclusions claimed	<u>74,841</u>	<u>-</u>	<u>74,841</u>
C. Amounts subject to the expenditure limitation.	<u>\$ 10,793,702</u>	<u>\$ 1,040,946</u>	<u>\$ 11,834,648</u>

See accompanying notes to report.

City of Litchfield Park, Arizona
Annual Expenditure Limitation Report - Reconciliation
Year ended June 30, 2016

Description	Governmental Funds	Enterprise Funds	Total
A. Total expenditures/expenses/deductions and applicable other financing uses reported within the fund financial statements	\$ 11,794,531	\$ 1,004,236	\$ 12,798,767
B. Subtractions:			
1. Items not requiring use of working capital:			
Depreciation	-	35,186	35,186
Pension expenses	-	(38,972)	(38,972)
2. Expenditures of separate legal entities established under Arizona Revised Statutes (Note 4)	<u>925,988</u>	<u>-</u>	<u>925,988</u>
Total subtractions	925,988	(3,786)	922,202
C. Additions			
1. Pension contributions paid current year	<u>-</u>	<u>32,924</u>	<u>32,924</u>
Total additions	<u>-</u>	<u>32,924</u>	<u>32,924</u>
D. Amounts reported on Part II, Line A	<u>\$ 10,868,543</u>	<u>\$ 1,040,946</u>	<u>\$ 11,909,489</u>

See accompanying notes to report.

City of Litchfield Park, Arizona

Notes to Annual Expenditure Limitation Report

Year ended 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 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 \$3,751 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	\$ 73,339
Amounts received from the state of Arizona	1,502
Revenues carried forward to future years (excludable)	278,472
Other revenues (nonexcludable)	<u>1,401,084</u>
Total intergovernmental revenues as reported in fund-based financial statements	<u>\$ 1,754,397</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 \$73,339. The remaining unexpended amount of \$278,472 is carried forward to future years.

Note 4 – Expenditures of Separate Legal Entities

The subtraction of \$925,988 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.

	Debt Service Fund	Non-Major Funds	Totals
Principal retirement	\$ 500,000	\$ -	\$ 500,000
Interest and fiscal charges	204,722	-	204,722
Streetlights	-	221,266	221,266
Total	<u>\$ 704,722</u>	<u>\$ 221,266</u>	<u>\$ 925,988</u>